

Okaloosa County, Florida

*Comprehensive Annual Financial Report
For the Year Ended September 30, 2015*



*Prepared by Clerk of Circuit Court
JD Peacock II, Clerk
Gary J. Stanford, Finance Officer*



Comprehensive
Annual
Financial
Report

Okaloosa County, Florida

For the year ended
September 30, 2015

Prepared by
Clerk of Circuit Court
JD Peacock II, Clerk
Gary J. Stanford
Finance Officer

INTRODUCTION SECTION

**OKALOOSA COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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**OKALOOSA COUNTY, FLORIDA
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JD PEACOCK II

CLERK OF THE CIRCUIT COURT AND COMPTROLLER, OKALOOSA COUNTY, FLORIDA



May 27, 2015

To the Citizens of Okaloosa County:

The Comprehensive Annual Financial Report of Okaloosa County, Florida for the fiscal year ended September 30, 2015, is respectfully submitted. This report was prepared by the Finance Department under the supervision of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Department. This report contains four major sections: the Introductory, the Financial, the Statistical and the Compliance Sections.

The County prepares the basic financial statements to meet the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) reporting model requiring the County to report in five parts, including, Management's Discussion and Analysis, Government-wide Financial Statements, major Fund Financial Statements, Budgetary Comparisons for certain funds and the Notes to the Financial Statements.

The report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by the certified public accountants of the firm of Warren Averett CPAs and Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2015, are fairly presented in

101 E. JAMES LEE BLVD. • CRESTVIEW, FLORIDA 32536 • (850) 689-5000

REPLY TO:

ANNEX EXTENSION • 1940 LEWIS TURNER BLVD, SUITE 1-300 • FT WALTON BEACH, FL 32547 • (850) 651-7200

BRACKIN BUILDING • 302 NORTH WILSON ST., SUITE 203 • CRESTVIEW, FLORIDA 32536 • (850) 689-5000

conformity with GAAP. The report of independent accountants is presented as the first component of the financial section of this report.

Okaloosa County is a non-charter county established under the Constitution and the Laws of the State of Florida. This Comprehensive Annual Financial Report (CAFR) includes the funds of the primary government (the Board of County Commissioners, the Clerk of the Circuit Court, the Property Appraiser, the Sheriff, and the Supervisor of Elections and the Tax Collector).

Generally accepted accounting principles require that organizations for which the County is financially accountable be reported with the primary government (the County) as the reporting entity, however no organizations met this criteria. This CAFR does not include the Okaloosa County School District or any other independent agency of Okaloosa County.

ECONOMIC CONDITION AND OUTLOOK

Okaloosa County is one of Florida's youngest counties, created in 1915 by an act of the state legislature. Okaloosa County is located in the Northwest Florida Panhandle and the City of Crestview, near its geographical center, is the County seat. The April 2015 population was 191,898, concentrated most heavily near its southern boundary on the Gulf of Mexico.



Occupying a large portion of Okaloosa County is one of the world's largest military reservations. Established in 1935, Eglin Air Force Base covers over 724 square miles in Okaloosa and two neighboring counties and contains the 919th Special Operations Wing, Duke Field. Eglin Air Force Base, the Air Armament Center, is responsible for development, acquisition, testing, deployment and sustainment of all United States Air Force air-delivered weapons. Based upon Eglin's wide range of activities, Eglin will continue its major role in the defense of the United States and in the economy of Okaloosa County. Hurlburt Field, the headquarters of the Air Force Special Operations Command, is also located in



Okaloosa County. Hurlburt Field occupies about 6,000 acres in the County. The military presence is the major income producing source for the County.

The tourism industry is the leading private income producing source for the County. The effect of the industry on the local economy is well above \$1 billion income produced annually with the employment of 20,000+ in tourism related businesses.



The Tourist Development Council Convention Visitor's Bureau (TDC / CVB) registered hundreds of thousands of inquiries throughout the year. Tourists may visit Okaloosa County's Visitor Welcome Center for information on all local activities, area information, sightseeing and all other things to do during their visit. More than 3.0 million visitors come to the Emerald Coast annually.

Residents and tourists in Okaloosa County have a full range of natural attractions and recreational opportunities. Mile after mile of beautiful snow-white beaches and emerald-green waters attract boating enthusiasts, swimmers, skiers, surfers, skin-divers, and scuba divers. Some of the largest concentrations of fighting game fish congregate off Destin's coast. Party and charter boats make daily runs to favorite fishing reefs. Piers and bridges on the Gulf of Mexico, inland bays and fresh water in lakes and streams provide excellent fishing opportunities. Golfing, at numerous magnificent courses around the area, sailing, and camping are other year-round activities. The hunter may try for deer, turkey, quail, dove, duck, and wild hog in the game management areas of the northern part of the county.



The state Division of Economic Development placed the total labor force in Okaloosa County at 117,220 in 2015 and the 2015 unemployment rate at 4.5 percent. This compares favorably to the state's annual average rate of 5.4 percent and the national average of 6.2 percent. Okaloosa County's cost of living is

consistently below the national average and the county has, along with its sister counties in Florida, no state income tax.

Seven industrial parks have been developed with a total of over 1,100 acres available. An industrial park near Crestview has an 8,000-foot reinforced runway, capable of handling the largest aircraft, and it has complete utilities and services. A municipal industrial park at Fort Walton Beach offers complete facilities and utility services to companies supplying space-age components to the United States Air Force.

Property valuation continued to increase this year, building upon the slight increase last year, after declining for several years prior to that. The increase continues to provide the County the opportunity to maintain one of the state's lowest millage rates while also continuing to maintain a relatively high level of service to County residents. Property tax values increased 4.6 percent. New construction activity in 2015 increased slightly to \$185 million.

MAJOR FUNCTIONAL INITIATIVES

General Government Initiatives

The County continued to renovate other facility space in order to more effectively and efficiently utilize the limited governmental space available. The newly designated County Administration Building was completed during the fiscal year and allowing the County to discontinue leasing office space for the Board of County



Commissioners, Property Appraiser, Supervisor of Elections and Tax Collector located in the south end of the County. The Sheriff also expanded facility needs to move leased space operations onto the property designated for other Sheriff offices. About \$68,750,000 was spent on General Government initiatives, or approximately 31% of total expenditures, throughout the year.



Public Safety Initiatives The County dedicates a great deal of financial and personnel resources for public safety initiatives. The County Corrections Department and County Jail continues to deal with population increases and completed several much needed projects to improve facilities, including roof repair and other needs, while trying to monitor and maintain other operating expenditure activity at prior year levels, especially as it relates to medical costs. The Jail facility began studying

expansion and future growth planning. The public safety function of the Emergency Medical activity stays busy and replaced several aging vehicles in their fleet during the year. The Sheriff's operations were active and involved in many of these public safety initiatives throughout the year. The County funded approximately \$63,500,000 of Public Safety initiatives, or approximately 29% of total expenditures, in 2015.



Physical Environment Initiatives

Physical environment initiatives are concentrated in the areas of water/wastewater improvements, solid waste and stormwater. The military, continued to utilize the County water/wastewater countywide service to their benefit by exploring numerous partnerships for service and joint projects. A number of water/wastewater projects and upgrades occurred throughout the year, including Lift Station and meter replacements and the

completion of the Duke Field upgrades. Solid Waste continues to place a high priority on new ideas as the County monitors and remediates all of its closed landfill facilities, focusing mainly on the Wright Area Landfill in 2015. About \$34,500,000 was spent in the area of Physical Environment initiatives, or approximately 16% of total expenditures, for 2015.

Transportation Initiatives Transportation needs continue to be an area of vital importance to the citizens of the County. Maintenance and enhancement of existing roadways and bridges continues

to be an extremely important priority, but the limitation for further improvement generally is hampered by limited resources. Many miles of roadway were resurfaced utilizing the “Cold Mix” and “Overlay” options that continue to be more financially feasible along with some bridge conversion projects in 2015. Ongoing needs to recover from flooding and damage to infrastructure continued this year. The Local Option Gas Tax and the Constitutional State Shared Gas Tax continue to be utilized to complete or begin construction on many projects and other maintenance, like Mount Olive Road and PJ Adams, to name a few. The



area of mass transit continues to be addressed with additional grant-funded projects. The Northwest Florida Regional Airport, along with the General Aviation Airports in Destin and in Crestview at Bob Sikes, continued to enhance all facets of the aviation activity, including security and taxiway enhancements throughout the year. The Florida Department of Transportation funded

a project at Fort Walton/Destin Regional Airport related to checked baggage improvements. About \$28,150,000, or approximately 13% of total spent, was spent on transportation expenditures in 2015.

Economic Environment Initiatives The tourism economy continues to be a dominant factor in the economic activity of the County, both on its south end beautiful beaches and its other economic activities throughout the County. The Tourist Development Council continues to emphasize tourism marketing in order to attract record visitors traveling to Okaloosa County. The 70,000 square-foot Emerald Coast Conference Center provides much needed state-of-the-art meeting space in the County for an increasing number of events. Financial assistance to countywide citizens in the form of housing assistance through the Community Development Corporation and assistance related to the many veterans located in the area also are included in Economic Environmental initiatives. Community Redevelopment agencies in several cities within the County utilize portions of Ad Valorem Tax dollars to enhance economic development in those designated areas. About \$9,400,000 or approximately 4% was spent in the area of economic environment in 2015.

Human Service Initiatives The ongoing funding for human service activities by the County included mosquito control, animal welfare, health care, Medicaid, elder services, day care service, mental health services and court-related child protection services expenditures. These activities, particularly state aid for Medicare and Medicaid, account for well over half of the dollars spent in this particular functional category. A portion of the operation of the Okaloosa County Health Department is another human service initiative in the County. Over \$4,250,000 or approximately 2% was spent in the area of Human Service activity in 2015.

Culture/Recreation Initiatives Several county and city parks continue to be improved this year with MSTU park funding. These park improvements, include both south end beach parks, like Marler Park, as well as, north end neighborhood and other parks, like Laurel Hill/Dorcas Park. Maintenance on all parks is an increasing and ongoing expenditure every year and the rotation of



funding and priority throughout the County for all parks is a focus each year. Tourist Development continues its study of beach renourishment to review and analyze the beach areas needing possible renourishment for the future. A penny of each dollar of Tourist Development Tax continues to be collected to provide funding. Many national magazines proclaim the Okaloosa Island/Destin beaches as the #1 Beach in America, the #1 Beach in the South, as well as, one of the Favorite Family Vacation spots as they have for the past several years consecutively. The Countywide Library Cooperative continued to provide

countywide service during this year. About \$9,850,000 or approximately 5% was spent for culture/recreational activities throughout the year.

Future Initiatives Maintaining a high level of service the citizens expect will continue to be a major challenge for the County, due to somewhat limited resources in a number of areas. Facility and space needs continue to be a high priority for the immediate future.



The County continued discussing the major Courthouse renovation and construction proposals during the year and anticipates beginning the actual construction project this coming year once all of the occupants are relocated. The primary focus of some of these projects is to plan for their future needs and to construct more efficient space for their occupants and citizenry.

The County will continue to monitor road and stormwater needs consistent with the availability of



funds. One tax increment area was established around Interstate 10 in order to alleviate congestion in the countywide transportation system and enhance the flow of traffic throughout the County.

Quality of life issues will continue to be reviewed in the area of culture and recreation. Receipts from the tourist development tax will continue to provide funding for area beautification and beach maintenance and to promote tourism in the area.

FINANCIAL INFORMATION

Readers of this report are encouraged to read Management's Discussion and Analysis (MD&A). The MD&A provides basic financial information about the County and an overview of the County's activities. The government-wide financial statements, consisting of a statement of net assets and a statement of activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets, liabilities, revenues, and expenses of the County are reported. The fund financial statements provide information concerning the County's funds and are prepared from the County's accounting records. The County's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are

incurred. Accounting records for the County's proprietary funds are maintained on the accrual basis. The County's fiscal year is October 1 to September 30.

Section 11.45, Florida Statutes, requires an annual audit of all County agencies. The County has directed that the annual audit be more extensive than that required by Florida Statutes by requiring that the annual audit be a single audit covering all the funds and account groups of the County. This requirement has been complied with, and the unqualified opinion of the auditors has been included in this report.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014.

The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for presentation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards, GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

A comprehensive annual financial report of this nature could not have been prepared without the dedicated efforts of a considerable number of individuals. I want to especially thank the Clerk and the entire staff of the Finance Department for their invaluable assistance in the preparation of this report. I would also like to thank the members of the County's independent external auditors. I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and dedicated support in planning and conducting the financial operations of the County in a responsible manner.

Gary J. Stanford, CPFO, CGFO
Finance Officer/Deputy Clerk
Okaloosa County Clerk



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

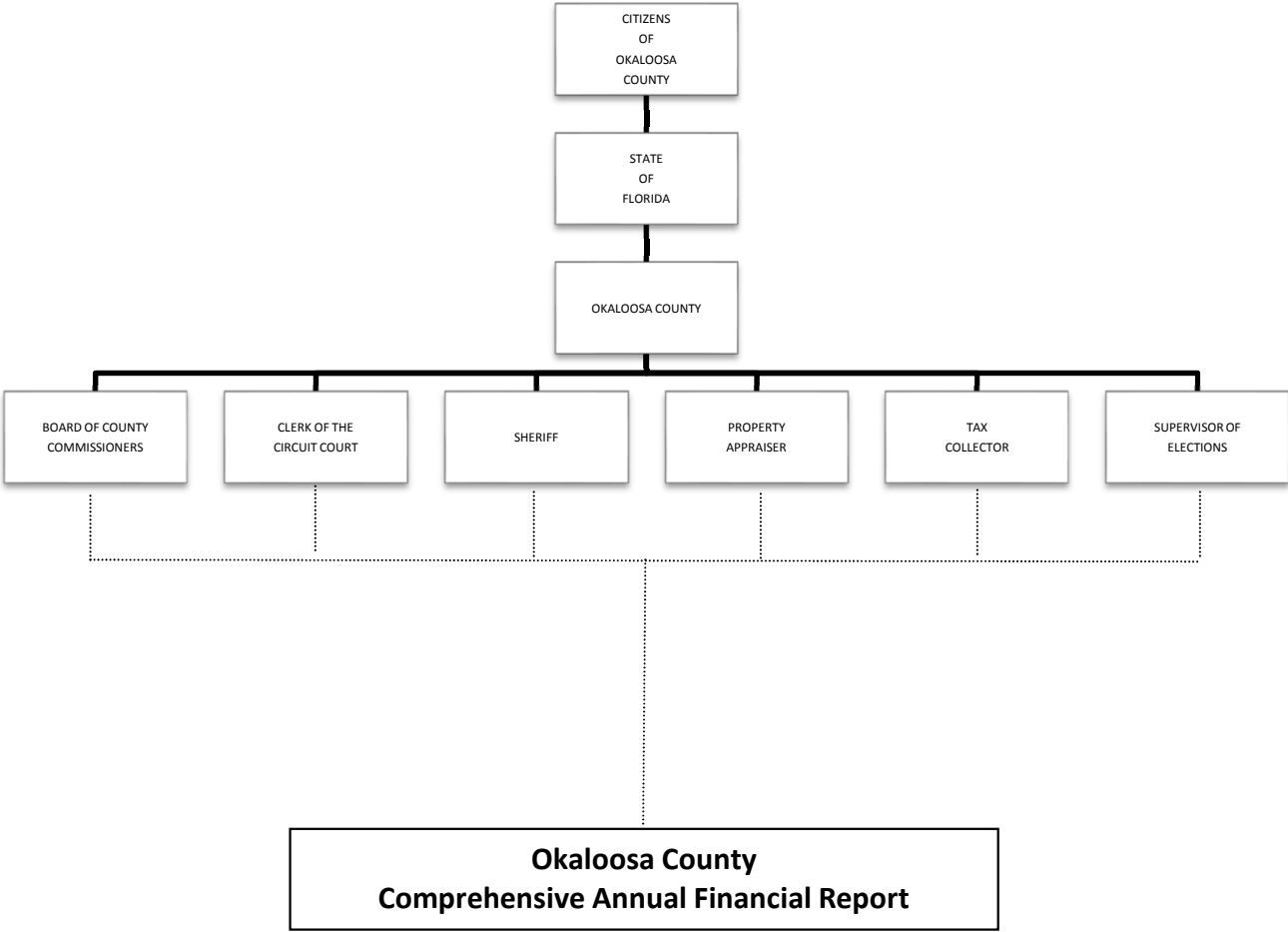
**Oklaoosa County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

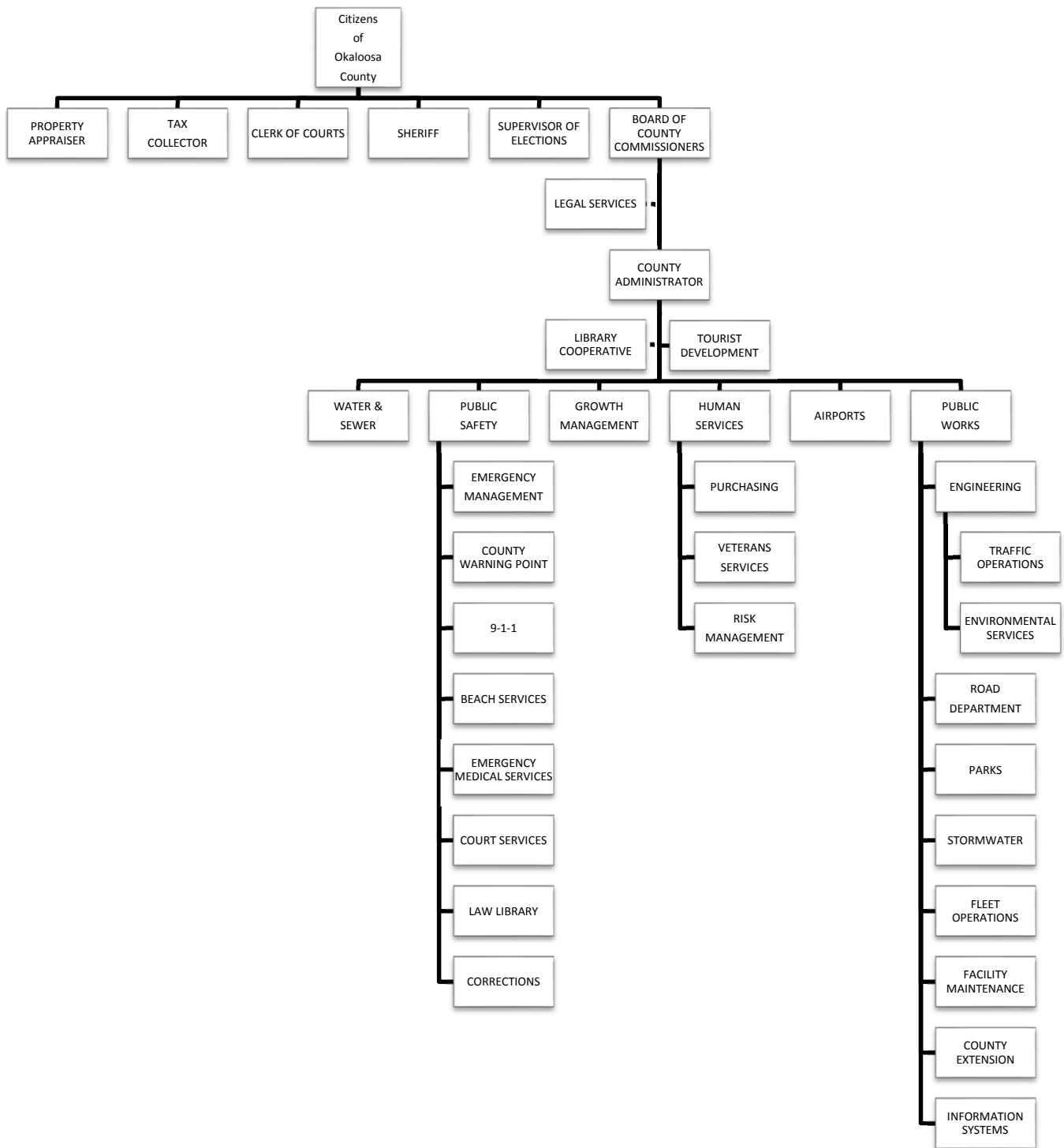
September 30, 2014

Executive Director/CEO

OKALOOSA CONUTY, FLORIDA
REPORTING ORGANIZATION



OKALOOSA COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA
ORGANIZATION CHART



OKALOOSA COUNTY, FLORIDA

AS OF SEPTEMBER 30, 2009

COUNTY COMMISSIONERS

Wayne Harris	District I
Carolyn Ketchel	District II
Nathaniel Boyles	District III
Trey Goodwin	District IV
Kelly Windes	District V

OTHER ELECTED OFFICIALS

JD Peacock II	Clerk of Court
Larry R Ashley	Sheriff
Ben Anderson	Tax Collector
Timothy "Pete" Smith	Property Appraiser
Paul Lux	Supervisor of Elections

OTHER OFFICIALS

John Hofstad	County Administrator
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FINANCIAL SECTION

To the Honorable Chairman and Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Okaloosa County, Florida's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of September 30, 2015, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Tourist Development Special Revenue Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13, the Board of County Commissioners implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, as of October 1, 2014. These standards significantly changed the accounting for the Board of County Commissioners' net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Post-Employment Benefits Plans Schedule of Funding Progress, Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy, and Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Okaloosa County, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, *Local Governmental Entity Audits*, and is also not a required part of the basic financial statements of Okaloosa County, Florida. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements of Okaloosa County, Florida.

The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards and State Financial Assistance, the Schedule of Expenditures of Passenger Facility Charges were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, the schedule of expenditures of passenger facility charges, and the schedule of receipts, are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2016, on our consideration of Okaloosa County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters under the heading "*Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*". The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Okaloosa County, Florida's internal control over financial reporting and compliance.

Warren Averett, LLC

Fort Walton Beach, Florida
May 27, 2016

Okaloosa County, Florida Management Discussion and Analysis

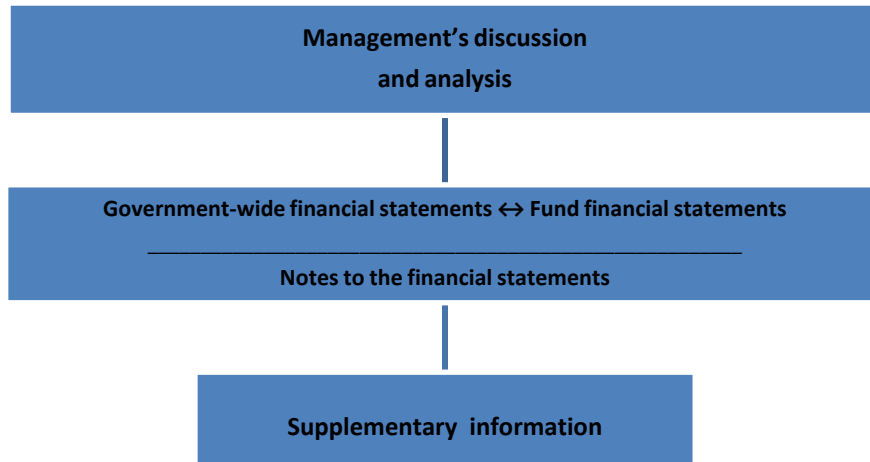
This discussion and analysis of Okaloosa County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2015. This analysis, in conjunction with additional information provided in our letter of transmittal, should assist readers in identifying significant financial issues and changes in the County's financial position. In this Management Discussion and Analysis (MD&A), all amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- At the close of fiscal year 2015 the County's assets exceeded its liabilities, resulting in net position of \$427,292. Governmental and business-type assets exceeded its liabilities by \$167,667 and \$259,625, respectively.
- The County's total net position decreased **(\$32,395)**, or **(7.0)** percent, in comparison to the prior year.
- The County had **(\$3,587)** of unrestricted net position(deficit) at the close of this year compared to \$41,449 last year.
- Total revenues increased \$3,642, or 1.8 percent, from \$202,384 to \$206,026.
- Total expenses increased \$4,083, or 2.3 percent, from \$175,179 to \$179,262.
- The County's governmental activities reported total net position of \$167,667, which is a decrease of **(\$29,387)**, or **(17.5)** percent, in comparison to the prior year. A deficit unrestricted net asset position of **(\$29,907)** exists in the governmental activities.
- The County's business-type activities reported total net position of \$259,625, which is a decrease of **(\$3,009)**, or **(1.1)** percent, in comparison to prior year. Approximately 10.1 percent of the total, or \$26,320, is unrestricted, and thus available for spending at the County's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Okaloosa County's basic financial statements. The County basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, as illustrated on the following page. This report also contains other supplementary information in addition to the basic financial statements themselves.



Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Okaloosa County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture/recreation and court-related activity.

The business-type activities of the County include water/sewer services, airport services, solid waste collection/disposal, building inspection services, emergency medical service and conference center activities.

The government-wide financial statements can be found on Exhibit I, II-A and II-B of this report.

Fund Financial Statements

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted

for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The County's funds are presented in separate fund financial statements. These funds are presented on governmental fund financial statements, proprietary fund financial statements and a fiduciary fund financial statement. The County's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set-forth in GASB 34. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements are prepared on the modified accrual basis using current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Although the activity of the internal service funds is reported with the governmental activities on the government-wide financial statements they are not combined on the government fund financial statements.

Three of the County's governmental funds, the General Fund, Tourist Development Trust Fund and Capital Outlay Construction Fund are classified as major funds. All other governmental funds are combined into a single column on the governmental fund financial statements. Individual fund data for the non-major funds is found in combining statements presented as supplemental financial data.

The County adopts an annual budget for all governmental funds. A budgetary comparison has been presented for all the governmental funds, which compares not only actual results to budget but also the original adopted budget to final budget. These budgetary comparisons for the major governmental funds are presented as part of the basic financial statements. Non-major governmental fund budget comparisons are presented as supplemental financial data.

Proprietary Fund Financial Statements

Proprietary fund financial statements, like government-wide financial statements, are prepared on the full accrual basis. Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund.

The County reports the Water and Sewer, Airport, and Emergency Medical Services as major funds in the proprietary fund financial statements. These enterprise funds are used to present the same functions that are presented in the government-wide financial statements. The other enterprise funds are grouped together and reported in a separate column entitled, "Other Enterprise Funds". The internal service funds are combined into a single column on the proprietary fund financial statements. Individual fund data is presented in combining statements as supplemental financial data.

The internal service funds are used to account for risk management, health, including other post employment benefits for retirees, dental and liability insurance, fleet management services and funding of short-term compensated absence liability on a cost reimbursement basis.

Fiduciary Fund Financial Statement

Data shown on the fiduciary fund financial statement is not included in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The only type of fiduciary funds the County maintains, agency funds, are used to account for assets held by the County as an agent for individuals or other governments.

Notes to the financial statements

The notes to the financial statements provide additional information that is useful for a more complete understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Okaloosa County's funding progress related to post employment benefits.

This report also presents combining statements for the non-major governmental and proprietary funds and agency funds, as well as individual fund budget and actual comparison schedules for non-major governmental funds.

Government-wide Financial Analysis

Over time, net position may serve as the most useful indicator of a government's financial position, although a number of significant estimates or long-term projections now impact that net position. At September 30, 2015, the County's total net position or total assets less liabilities, was \$427,292. A significant portion of the County's net position, 82.6 percent, is identified as an investment in capital assets (such as land, buildings, equipment, infrastructure), less related debt outstanding that was used to acquire those assets. Since the County uses capital assets to provide services to its residents, the net position represented by "investment in capital assets, net of related debt" are not available for future spending. In fact, the payment of maintenance and debt service costs on those capital assets will themselves require governmental resources. The invested in capital assets, net of related debt balance of \$352,096 decreased **(\$1,714)** or **(.5)** percent, in comparison to the prior year.

Another portion of the County's net position is restricted net assets which represent assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. The restricted net position balance of \$78,783 (18.4 percent of total net position) increased \$14,355 or 22.3 percent, in comparison to prior year, due to increased Capital Project restrictions for future capital facility construction and Tourist Development activities.

Unrestricted net position is net position that is available to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers, although the pension liability impacted this amount significantly this year. The unrestricted net position balance was **(\$3,587)** (-.84 percent of total net position) and decreased **(\$45,036)**, or **(108.0)** percent, in comparison to the prior year. Both the governmental and Business-type activities unrestricted balance decreased most significantly related to the pension liability for the multiple employer cost sharing allocation of the net pension liability of the State's pension plan that all Counties of the State participate in, recorded in accordance with the newly implemented pension standard from the Governmental Accounting Standard.

As shown on the following chart, the County reported decreased balances at September 30, 2015. The components of total Net Position decreased mainly due to the implementation of the new pension standard liabilities that impacted the government-wide net assets for both the Governmental and Business-type activities.

The following is a condensed summary of net position for the primary government for fiscal years 2015 and 2014.

	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 99,955	\$ 76,740	\$ 85,603	\$ 82,825	\$ 185,558	\$ 159,565
Capital Assets	193,984	179,640	304,718	303,384	498,702	483,024
Total Assets	<u>\$ 293,939</u>	<u>\$ 256,380</u>	<u>\$ 390,321</u>	<u>\$ 386,209</u>	<u>\$ 684,260</u>	<u>\$ 642,589</u>
Total Deferred Outflows	\$ 7,769	\$ -	\$ 6,575	\$ -	\$ 14,344	\$ -
Current and Other Liabilities	19,362	16,316	16,643	15,096	36,005	31,412
Noncurrent Liabilities	106,478	43,010	117,141	108,480	223,620	151,490
Total Liabilities	<u>\$ 125,840</u>	<u>\$ 59,326</u>	<u>\$ 133,784</u>	<u>\$ 123,576</u>	<u>\$ 259,625</u>	<u>\$ 182,902</u>
Total Deferred Inflows	\$ 8,200	\$ -	\$ 3,486	\$ -	\$ 11,686	\$ -
Net Position:						
Investment in Capital						
Assets, Net of Related Debt	138,402	149,700	213,694	204,110	352,096	353,810
Restricted for						
Debt Service	1,039	504	8,643	9,964	9,682	10,468
Capital Projects	3,306	488	-	-	3,306	488
Public Safety	3,111	3,018	-	-	3,111	3,018
Transportation	11,783	12,182	10,969	8,956	22,752	21,138
Eco Environment	33,732	21,882	-	-	33,732	21,882
Culture Recreation	4,110	4,381	-	-	4,110	4,381
Court-Related	2,090	3,053	-	-	2,090	3,053
Unrestricted	(29,906)	1,846	26,319	39,603	(3,587)	41,449
Total Net Position	<u>\$ 167,667</u>	<u>\$ 197,054</u>	<u>\$ 259,625</u>	<u>\$ 262,633</u>	<u>\$ 427,292</u>	<u>\$ 459,687</u>

The following schedule compares the revenues and expenses for the primary government for the current and previous fiscal years:

Okaloosa County, Florida
Summary of Revenues and Expenses
As September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 25,961	\$ 23,310	\$ 53,494	\$ 54,207	\$ 79,455	\$ 77,517
Operating Grants and Contributions	6,738	7,378	272	264	7,010	7,642
Capital Grants and Contributions	1,393	1,716	10,860	18,962	12,253	20,678
General Revenues:						
Taxes	73,101	68,739	1,504	1,111	74,605	69,850
State Shared Revenue	23,228	22,673	-	-	23,228	22,673
Grant and Contributions not Restricted Specific Programs	3	146	-	-	3	146
Other	5,547	2,951	3,925	927	9,472	3,879
Total Revenues	135,971	126,913	70,055	75,471	206,026	202,384
Expenses:						
Program Activities:						
General Government	30,449	29,544	-	-	30,449	29,544
Public Safety	49,096	47,804	-	-	49,096	47,804
Physical Environment	1,139	1,178	-	-	1,139	1,178
Transportation	14,349	13,712	-	-	14,349	13,712
Economic Environment	6,432	6,174	-	-	6,432	6,174
Human Services	4,535	4,277	-	-	4,535	4,277
Culture and Recreation	7,317	7,521	-	-	7,317	7,521
Court-Related	8,154	7,406	-	-	8,154	7,406
Interest and Fiscal Charges	2,659	1,527	-	-	2,659	1,527
Business-type Activities:						
Water and Sewer	-	-	26,444	25,122	26,444	25,122
Airport	-	-	12,415	13,223	12,415	13,223
Solid Waste	-	-	7,155	8,566	7,155	8,566
Inspections	-	-	1,678	1,541	1,678	1,541
Emergency Medical	-	-	7,440	7,588	7,440	7,588
Total Expenses	124,130	119,141	55,132	56,038	179,262	175,179
Inc in Net Position Before Trf Transfers	11,841	7,772	14,923	19,433	26,764	27,205
	284	22,005	(284)	(22,005)	-	-
Inc/(Dec) in Net Position	12,125	29,777	14,639	(2,572)	26,764	27,205
Net Position October 1-Restated	155,542	167,276	244,986	265,206	400,528	432,482
Net Position September 30	\$ 167,667	\$ 197,053	\$ 259,625	\$ 262,634	\$ 427,292	\$ 459,687

Revenues increased by \$9,058 or 7.1 percent in Governmental activities, due to the increase in charges for services for transportation activity and tax revenue increases related to tourist development taxes. Revenues in business-type activity decreased by **(\$5,416)** or **(7.2)** percent from the prior year, mainly due to reductions in capital grants and contributions from the prior year associated with the Water and Sewer activity. Expenses increased by \$4,989 or 4.1 percent in Governmental activities, due primarily to increased expenditure activity related to Public Safety for Sheriff and Emergency Management activity. Expenses decreased **(\$906)** or **(1.6)** percent in business-type expenses due mainly to reduced expenses related to the Airport activity

and reduced landfill closure costs in Solid Waste. Revenues in 2015 increased from 2014 and expenses also increased, but overall the net position decreased most significantly by the implementation of the pension standard and reduced overall by (7.0) percent, from \$459,687 in 2014 to \$427,292 in 2015.

Governmental activities

The focus of Okaloosa County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at fiscal year end.

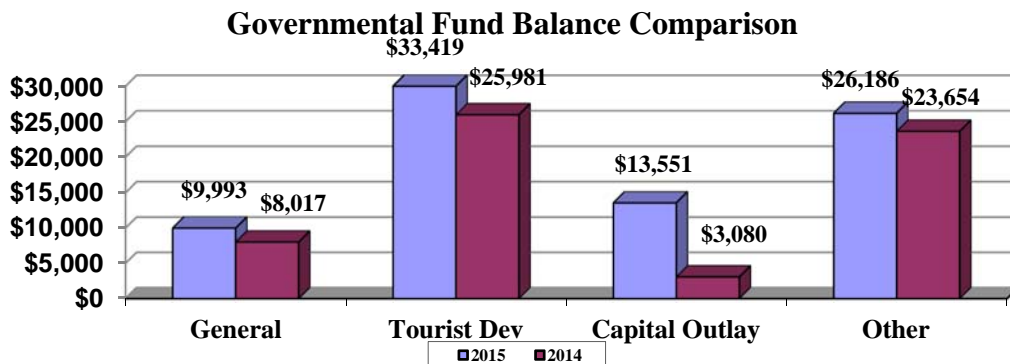
As of September 30, 2015, the County governmental funds reported combined fund balances of \$83,150, an increase of \$22,417 over the prior year balances, due mainly to increase in Capital Project monies for future capital outlay and increased balances related to the Tourist Development Special Revenue Fund and the increased tourism industry resurgence.

The General Fund is the chief operating fund of the County. At September 30, 2015, total fund balance in the general fund was \$9,993 of which \$5,310 was unassigned. The general fund expenditures for the fiscal year exceeded revenues by \$3,952, although revenue increased, the much needed capital construction expenditures increased more. The Net change in Fund Balance for the General Fund for fiscal year 2015 amounted to an increase of \$1,976, while the prior year showed an increase of \$1,049. The increase in fiscal year 2015 was mainly due to a BP Claim settlement awarded late in the year and the funding of certain personnel related expenditures utilizing transfer in from the internal service fund.

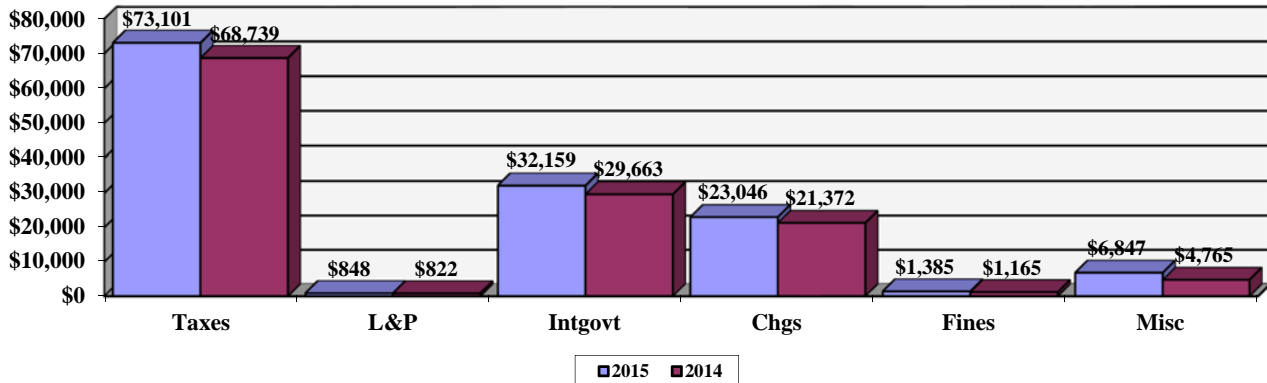
The Tourist Development Trust Fund is a special revenue fund that is used to account for the revenues and expenditures collected on short-term rentals in Okaloosa County. The Tourist Development Trust Fund balance increased over the prior year by \$7,438. The increase in fund balance is primarily due to increased revenue from taxes.

The Capital Outlay Construction Fund is the construction fund that is used to account for the major governmental capital improvements. The Capital Outlay fund balance increased over the prior year by \$10,190 due to construction loan proceeds set aside for future capital construction of the County Courthouse in Crestview.

The following is a chart of all Governmental Fund Balances for the fiscal years 2015 and 2014.

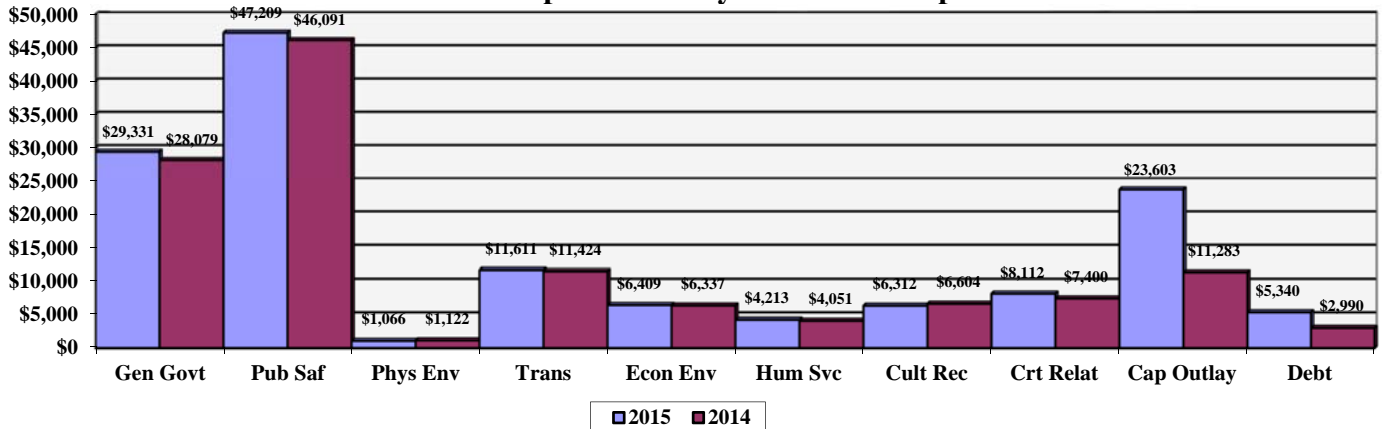


Governmental Revenues By Source Comparison



Proprietary Activities

Governmental Expenditures By Function Comparison



Okaloosa County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail, and on a fund basis for the enterprise funds and internal service funds.

Enterprise Funds at September 30, 2015, total net position amounted to \$259,625 for enterprise funds as compared to \$262,634 at September 30, 2014. Net Position balances are primarily the result of operations and capital contributions in the Water & Sewer and Airport Enterprise funds.

Business-type activities decreased the County's total net position by **(\$3,009)**. Major components of this decrease are as follows:

- The Water and Sewer Fund increased its net position by \$11,187. Operating income was \$32,390 during the year which was greater than last year. Operating revenues increased during the year, mainly related to the increased partnerships developed with the military and other governmental agencies, while operating expenses, excluding depreciation declined.
- The Airport Fund increased its net position by \$1,654. The Airport had some, but not as much in capital contributions from grant and financing capital activities as last year

and operating income decreased slightly, but the largest change was the impact of the refunding of high interest debt during the year.

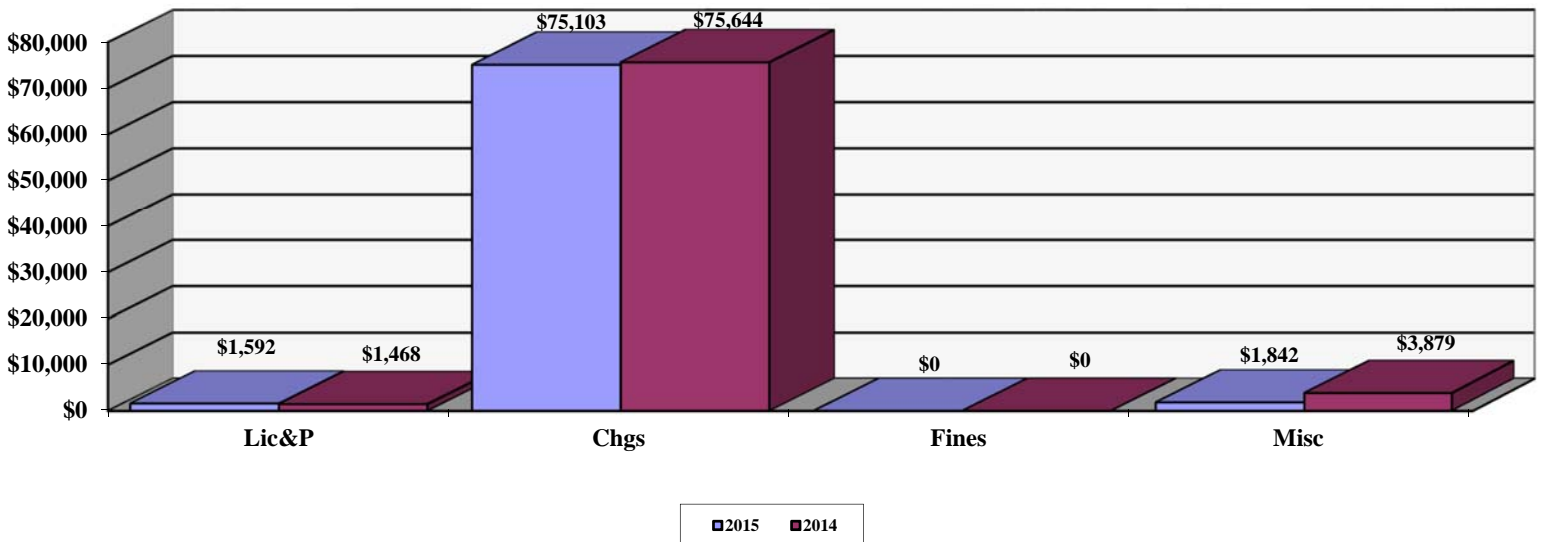
- The Emergency Medical Services Fund increased its net position by \$614. The most significant factor in this slight increase was due to the increased billings and the percentage collection of those billings.

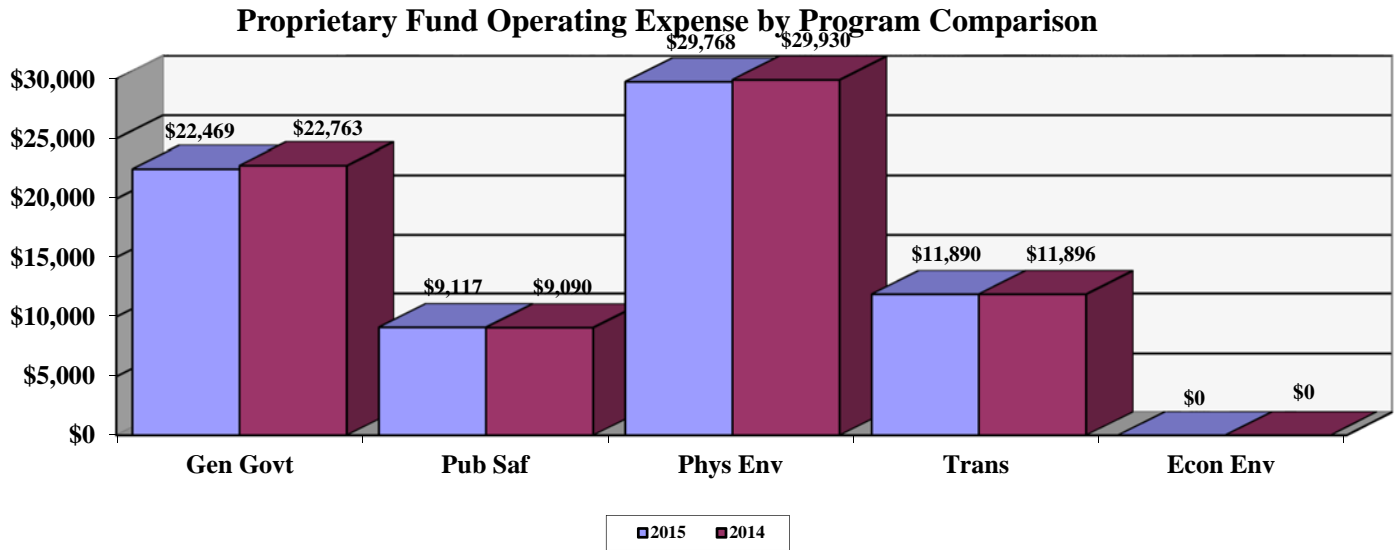
The net operating income of the enterprise funds for fiscal years 2015 and 2014, is as follows:

Enterprise Net Operating Income (Loss)

	2015	2014
Water and Sewer	\$9,778	\$4,518
Airport	(3,666)	(1,165)
Solid Waste	860	(675)
Inspections	129	116
Emergency Medical Services	(964)	754
	<u>\$6,137</u>	<u>\$3,548</u>

Proprietary Fund Operating Revenue by Source Comparison





Budgetary Highlights

A Budget to actual statement is provided for the General Fund, along with each of the other major special revenue funds as part of the basic financial statements. A budget column for both the original budget adopted for fiscal year 2015 as well as the final budget is presented.

Differences between the original budget and final amended budget are as follows:

- The County added budgeted revenue of approximately \$20 million of which \$15 million related to intergovernmental revenue as a result of anticipated state and federal grants related to housing assistance, mass transit and some disaster recovery funds.
- The County added budget expenditures of approximately \$19 million mainly in the areas of public safety, transportation and capital outlay related to the anticipated grant activity.
- The County reduced budgeted financing sources by approximately \$2 million related to transfers out.

Actual results, when compared to the final budget, are as follows:

- A variance of \$11 million of actual revenues under anticipated budget amounts as the grant revenue anticipated was both not earned and unavailable in the current year based on the timing of both qualifying expenditures and the availability of funds received.
- A variance of \$18 million of actual expenditures under anticipated budget amounts due to the timing of grant related expenditures and various capital projects that were not complete as of the end of the fiscal year.
- A variance of \$2 million of actual other financing sources due to transfers and issuance of debt.

Capital Asset and Debt Administration

Capital Assets. Okaloosa County's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to \$498,701 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges and other improvements, machinery and equipment and park facilities. The increase in Okaloosa County's governmental activities investment in capital assets for the current fiscal year amounted to \$14,342 or 8.0 percent increase, which was mainly due to increased building construction related to the effort of relocating government agency out of leased space and into updated governmental space. The business-type activities capital assets amounted to \$304,718 or an increase of \$1,334 or .4 percent, mainly due to W&S land purchases and road infrastructure improvements during the year.

The following schedule compares capital assets for the primary government for the current and previous fiscal years:

Okaloosa County, Florida
 Capital Assets
 September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 11,558	\$ 11,558	\$ 13,126	\$ 11,460	\$ 24,684	\$ 23,018
Buildings	95,816	90,964	73,360	71,152	169,176	162,116
Improvements other than buildings	35,748	35,056	277	277	36,025	35,333
Intangibles	3,163	3,060	896	843	4,059	3,903
Mach/Equipment	52,039	51,306	20,754	19,524	72,793	70,829
Const in Progress	15,701	4,505	9,917	8,264	25,618	12,769
Infrastructure	151,000	148,722	339,318	334,373	490,318	483,095
Art	29	29	70	70	99	99
Total Capital Assets	365,054	345,199	457,718	445,962	822,772	791,161
Accum Deprec	(171,072)	(165,560)	(153,000)	(142,578)	(324,071)	(308,137)
Total	<u>\$ 193,982</u>	<u>\$ 179,640</u>	<u>\$ 304,718</u>	<u>\$ 303,384</u>	<u>\$ 498,701</u>	<u>\$ 483,024</u>

Additional information on Okaloosa County's capital assets can be found in notes to the financial statements (Note 5).

Long-term debt. At the end of the current fiscal year, the primary government, Okaloosa County, had bonded and revolving loans long-term debt outstanding of \$147,736. Of this amount, \$55,883 comprises governmental activities bonds and notes payable while the remaining \$83,840 in revenue bonds and \$8,013 in revolving loans and a revenue note is secured solely by specified revenue sources in business-type activities.

Okaloosa County, Florida
 Outstanding Debt
 September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$ 49,861	\$ 28,454	\$ 83,840	\$ 83,563	\$133,701	\$112,017
Revolv & Comm Loan	6,022	6,059	8,013	24,372	14,035	30,431
Total	\$ 55,883	\$ 34,513	\$ 91,853	\$107,935	\$147,736	\$142,448

Additional information on Okaloosa County's long-term debt can be found in notes to the financial statements (Note 10).

Okaloosa County, Florida, Debt Ratings at September 30, 2015

Type of Debt Issue:	S & P	Fitch/Moody's
2009 Sales Tax Rev Bonds	AA	AA-
Cap Imprv Rev Bonds, Ser 2011	Not rated	Not rated
2014 Sales Tax Rev Bonds	AA	AA-
W&S Rev Bonds 2015	Not Rated	AA-/Aa3
Taxable Airport Rev Bond 2007	AA	Not Rated
Taxabl Airport Ref Bonds 2014	Not Rated	Not Rated

Highest rating: AAA/Aaa Investment grade ratings: AAA/Aaa through BBB-/Baa- Lowest rating: C

Economic Factors

Local, national, and international economic factors influence the County's revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, state sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants, while negative economic growth generally has the opposite reaction. Economic growth may be measured by a variety of indicators such as employment growth, unemployment, new construction and assessed values, diversification of the property tax base, and Enterprise Fund revenue and net asset growth.

- The Florida Research and Economic Database reported that the number of employed Okaloosa County civilian residents decreased from 92,299 in 2014 to 92,220 in 2015, a decrease of less than 1.0 percent. Stable labor force coupled with somewhat improving economic times led to the County's unemployment rate falling to 4.5 percent in 2015 compared to 5.2 percent for 2014. The County's unemployment rate still remains extremely favorable compared to the state and national rates of 5.4 percent and 5.1 percent, respectively, for 2015.
- The assessed value of real property located in the County after exemptions increased from \$13.030 billion in 2014 to \$13.638 billion, while the total assessed value of the County increased from \$13.795 billion to \$14.375 billion in 2015. This represented an increase of \$.580 billion or 4.2 percent in property valuation.
- Okaloosa County has a diversified property tax base. The ten largest property tax payers in the County represent approximately only 3.4 percent of the total ad valorem property tax levy.
- During 2015, total value of new residential construction in the County was valued at \$113 million and total value of new non-residential construction was valued at \$28 million for a total of just \$141 million in new construction. The total construction figure for 2015 represented a \$16 million increase from the 2014 total.

More information on economic factors is provided in the *Statistical Section*.

Request for information

This financial report is designed to provide the reader an overview of the County. Questions regarding any information provided in this report should be directed to:

Finance Department
302 N Wilson Street, Suite 203
Crestview, Florida, 32536.

Okaloosa County, Florida
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government		
	Government Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 55,103,794	\$ 26,994,618	\$ 82,098,412
Investments	23,637,007	15,349,026	38,986,033
Receivables, Net of Allowance for Uncollectibles	3,928,382	7,619,251	11,547,633
Internal Balances	510	(510)	-
Due from (to) Fiduciary Funds	157,504	-	157,504
Due from Other Governments	6,236,707	2,487,632	8,724,339
Inventories	244,384	1,916,345	2,160,729
Prepaid Expenses	456,358	127,540	583,898
Restricted Assets			
Cash and Cash Equivalents	10,190,095	19,462,675	29,652,770
Customer Deposits	-	1,365,272	1,365,272
Other Deposits	-	1,408,686	1,408,686
Investments	-	8,872,629	8,872,629
Total Current Assets	99,954,741	85,603,164	185,557,905
Capital Assets			
Land	11,558,076	13,126,406	24,684,482
Buildings	95,815,887	73,359,583	169,175,470
Improvements Other Than Buildings	35,748,056	276,776	36,024,832
Intangibles	3,163,653	896,080	4,059,733
Machinery and Equipment	52,039,030	20,753,514	72,792,544
Construction in Progress	15,701,058	9,916,849	25,617,907
Infrastructure	151,000,644	339,318,326	490,318,970
Works of Art	29,195	69,865	99,060
Accumulated Depreciation	(171,071,737)	(152,999,701)	(324,071,438)
Total Noncurrent Assets	193,983,862	304,717,698	498,701,560
Total Assets	\$ 293,938,603	\$ 390,320,862	\$ 684,259,465
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 7,769,326	\$ 3,302,711	\$ 11,072,037
Deferred Charges on Refunding	-	3,272,202	3,272,202
Total Deferred Outflows of Resources	\$ 7,769,326	\$ 6,574,913	\$ 14,344,239

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government		
	Government Activities	Business-type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable and Other Accrued Liabilities	\$ 7,883,474	\$ 4,763,070	\$ 12,646,544
Due to Other Governments	1,045,640	650,041	1,695,681
Unearned Revenue	2,874,930	2,061,165	4,936,095
Due to Depositors	88,779	-	88,779
Liabilities Payable from Restricted Assets			
Costumer Deposits	-	1,361,833	1,361,833
Interest Payable	1,232,811	901,171	2,133,982
Loans and Revenue			
Bonds Payable	-	627,295	627,295
Current Portion of Long-term Obligations			
Compensated Absences	2,977,742	974,782	3,952,524
Closure Costs Payable	-	308,832	308,832
Claims and Judgments	1,751,429	-	1,751,429
Notes Payable	723,370	2,429,898	3,153,268
Revenue Bonds Payable	784,000	2,565,000	3,349,000
Total Current Liabilities	19,362,175	16,643,087	36,005,262
Noncurrent Liabilities			
Noncurrent Portion of			
Long-term Obligations			
Compensated Absences	3,319,585	811,843	4,131,428
Closure Costs Payable	-	4,014,822	4,014,822
Claims and Judgments	2,386,476	-	2,386,476
Notes Payable	5,298,841	4,955,239	10,254,080
Loans and Bonds Payable, Net of Unamortized Loan Costs	51,935,870	90,641,915	142,577,785
Other Post Employment Benefits	5,048,712	356,000	5,404,712
Net Pension Liability	38,488,921	16,361,489	54,850,410
Total Noncurrent Liabilities	106,478,405	117,141,308	223,619,713
Total Liabilities	\$ 125,840,580	\$ 133,784,395	\$ 259,624,975

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government		
	Government Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 8,200,244	\$ 3,485,891	\$ 11,686,135
Total Deferred Inflows of Resources	<u>\$ 8,200,244</u>	<u>\$ 3,485,891</u>	<u>\$ 11,686,135</u>
NET POSITION			
Net Investment in Capital Assets	138,401,546	213,694,194	352,095,740
Restricted for			
Debt Service	1,039,536	8,643,028	9,682,564
Capital Projects	3,306,062	-	3,306,062
Public Safety	3,111,495	-	3,111,495
Transporation	11,783,064	10,968,680	22,751,744
Economic Environment	33,731,719	-	33,731,719
Culture and Recreation	4,110,255	-	4,110,255
Court-Related	2,090,259	-	2,090,259
Unrestricted (Deficit)	<u>(29,906,831)</u>	<u>26,319,587</u>	<u>(3,587,244)</u>
Total Net Position (Deficit)	<u>\$ 167,667,105</u>	<u>\$ 259,625,489</u>	<u>\$ 427,292,594</u>
Total Liabilities and Net Position	<u>\$ 301,707,929</u>	<u>\$ 396,895,775</u>	<u>\$ 698,603,704</u>

The notes to the financial statements are an intergral part of this statement.

Okaloosa County, Florida
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

	Program Revenues				Net (Expense) Revenue (To Ex II-b)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government	\$ 30,448,562	\$ 12,537,897	\$ 921,092	\$ -	\$ (16,989,573)
Public Safety	49,096,201	4,883,895	2,648,989	-	(41,563,317)
Physical Environment	1,139,090	14,870	-	401,503	(722,717)
Transportation	14,348,819	376,492	2,430,446	511,173	(11,030,708)
Economic Environment	6,431,436	-	269,572	-	(6,161,864)
Human Services	4,535,142	-	21,891	-	(4,513,251)
Culture and Recreation	7,317,298	1,832,692	106,603	479,979	(4,898,024)
Court-Related	8,153,691	6,315,461	339,512	-	(1,498,718)
Interest and Fiscal Charges	2,659,373	-	-	-	(2,659,373)
Total Governmental Activities	124,129,612	25,961,307	6,738,105	1,392,655	(90,037,545)
Business-type Activities					
Water & Sewer	26,443,951	28,238,558	4,209	5,715,786	7,514,602
Airport	12,415,564	9,005,373	-	4,964,229	1,554,038
Emergency Medical Services	7,439,779	6,474,875	25,615	-	(939,289)
Other Programs	8,833,158	9,774,677	242,163	180,398	1,364,080
Total Business- type Activities	55,132,452	53,493,483	271,987	10,860,413	9,493,431
Total Primary Government	\$ 179,262,064	\$ 79,454,790	\$ 7,010,092	\$ 12,253,068	\$ (80,544,114)

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
STATEMENT OF ACTIVITIES (CONTINUED)
For the Fiscal Year Ended September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in Net Assets			
Net (Expenses) Revenue (From Exhibit II-A)	\$ (90,037,545)	\$ 9,493,431	\$ (80,544,114)
Unrestricted General Revenues			
Taxes			
Ad Valorem Tax	48,164,734	1,504,000	49,668,734
Tourist Development Tax	16,713,548	-	16,713,548
Local Option Fuel Tax	5,138,403	-	5,138,403
Communication Services Tax	1,766,987	-	1,766,987
Ninth-Cent Voted Fuel Tax	992,766	-	992,766
Local Business Tax	324,402	-	324,402
State Revenue Sharing			
Miscellaneous Revenue	5,787,934	-	5,787,934
Local Government Sales Tax	13,944,084	-	13,944,084
Gas Tax	3,495,791	-	3,495,791
Contributions Not Restricted to Specific Programs			
Contributions from			
Other Governments	2,976	-	2,976
Other Donations	3,675,523	-	3,675,523
Investment Earnings	854,761	1,807,373	2,662,134
Miscellaneous	1,016,894	2,118,071	3,134,965
Transfers - Internal Activities	284,171	(284,171)	-
Total Unrestricted-General Revenues and Transfers	<u>102,162,974</u>	<u>5,145,273</u>	<u>107,308,247</u>
Change in Net Assets	12,125,429	14,638,704	26,764,133
Net Position - Beginning Restated	<u>155,541,676</u>	<u>244,986,785</u>	<u>400,528,461</u>
Net Position - Ending	<u>\$ 167,667,105</u>	<u>\$ 259,625,489</u>	<u>\$ 427,292,594</u>

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

	General Fund	Tourist Development Special Revenue Fund
ASSETS		
Cash and Cash Equivalents	\$ 8,413,430	\$ 22,604,932
Investments	1,908,649	8,597,110
Accounts Receivable	511,430	3,350,867
Due from Other Funds	1,406,885	-
Due from Other Elected Officials	1,240,622	646
Due from Other Governments	2,702,800	151,615
Prepays	380,834	33,072
	Total Assets	Total Assets
	\$ 16,564,650	\$ 34,738,242
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 498,421	\$ 121,516
Contracts Payable	1,070,475	1,019,983
Other Accrued Liabilities	1,850,045	69,933
Due to Other Funds	97,407	-
Due to Other Elected Officials	1,317,232	223
Due to Other Governments	885,377	37,528
Due to Depositors	5,492	-
Unearned Revenue	847,330	69,607
	Total Liabilities	Total Liabilities
	6,571,779	1,318,790
Fund Balances		
Nonspendable	380,834	33,072
Restricted	-	33,419,452
Committed	32,811	-
Assigned	4,269,298	-
Unassigned	5,309,928	(33,072)
	Total Fund Balances	Total Fund Balances
	9,992,871	33,419,452
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 16,564,650	\$ 34,738,242
	\$ 16,564,650	\$ 34,738,242

Exhibit III-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 14,012,094	\$ 14,130,398	\$ 59,160,854
347,735	12,753,724	23,607,218
138	36,642	3,899,077
-	43,141	1,450,026
120,288	125,605	1,487,161
-	2,539,712	5,394,127
-	30,642	444,548
\$ 14,480,255	\$ 29,659,864	\$ 95,443,011
\$ 14,858	\$ 152,194	\$ 786,989
913,941	873,246	3,877,645
-	279,761	2,199,739
-	-	97,407
-	22,387	1,339,842
-	115,903	1,038,808
-	83,287	88,779
-	1,947,316	2,864,253
928,799	3,474,094	12,293,462
-	30,642	444,548
13,496,157	22,446,876	69,362,485
55,299	500,846	588,956
-	3,238,048	7,507,346
-	(30,642)	5,246,214
13,551,456	26,185,770	83,149,549
\$ 14,480,255	\$ 29,659,864	\$ 95,443,011

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2015

Fund balances - total governmental funds (Exhibit III-A) \$ 83,149,549

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The difference does not include the net capital assets of the Internal Service fund accounted for separately.

Those assets consist of:

Governmental nondepreciable/amortizable asset	28,435,234	
Governmental depreciable/amortizable assets	332,589,064	
Less accumulated depreciation/amortization	<u>(167,692,673)</u>	
		193,331,625

Internal service funds (see Exhibit VIII) are used by management to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: (5,252,047)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and not reported in governmental funds. The difference does not include the internal service fund which is included above.

Deferred outflows of resources - Pensions	7,530,576	
Deferred inflows of resources - Pensions	<u>(7,948,252)</u>	
		(417,676)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The difference does not include the compensated absences or OPEB liabilities of the Internal Service funds accounted for separately. All liabilities, both current and long-term are reported in the statement of net position.

Balances changed at September 30, 2015 are:

Accrued interest on bonds	(1,232,811)	
Revenue bonds payable	(52,719,870)	
Notes payable	(6,022,211)	
Compensated absences	(4,988,544)	
Other Post Employment Benefits	(874,746)	
Net Pension Liability, proportionate share	<u>(37,306,164)</u>	
Total long-term liabilities		(103,144,346)

Net position of governmental activities (Exhibit I) \$ 167,667,105

The notes to the financial statements are an integral part of this statement.



Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	<u>General Fund</u>	<u>Tourist Development Special Revenue Fund</u>
Revenues		
Taxes	\$ 47,690,339	\$ 16,713,548
Licenses and Permits	11,100	361,409
Intergovernmental	18,264,346	317,649
Charges for Services	15,472,872	755,938
Fines	9,616	9
Miscellaneous	5,015,984	298,383
	<hr/>	<hr/>
Total Revenues	86,464,257	18,446,936
	<hr/>	<hr/>
Expenditures		
Current		
General Government	28,952,262	-
Public Safety	45,112,545	-
Physical Environment	348,304	-
Transportation	1,459,382	224,079
Economic Environment	1,518,921	4,615,173
Human Services	3,611,710	-
Culture and Recreation	1,602,753	3,734,849
Court-Related	2,338,986	-
Capital Outlay	5,324,911	516,805
Debt Service		
Principal	89,789	-
Interest	56,818	-
Other Debt Service Costs	-	-
	<hr/>	<hr/>
Total Expenditures	90,416,381	9,090,906
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,952,124)	9,356,030
	<hr/>	<hr/>

Exhibit IV-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,233	\$ 8,695,720	\$ 73,100,840
-	475,854	848,363
120,288	13,456,317	32,158,600
631,542	6,185,605	23,045,957
-	1,375,247	1,384,872
734,922	797,233	6,846,522
<u>1,487,985</u>	<u>30,985,976</u>	<u>137,385,154</u>
9,470	369,096	29,330,828
450	2,095,849	47,208,844
-	717,653	1,065,957
-	9,927,425	11,610,886
-	274,867	6,408,961
-	601,661	4,213,371
53,244	920,858	6,311,704
-	5,772,916	8,111,902
13,033,129	4,727,708	23,602,553
-	3,005,000	3,094,789
-	1,975,332	2,032,150
-	212,836	212,836
<u>13,096,293</u>	<u>30,601,201</u>	<u>143,204,781</u>
<u>(11,608,308)</u>	<u>384,775</u>	<u>(5,819,627)</u>

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	<u>General Fund</u>	<u>Tourist Development Special Revenue Fund</u>
Other Financing Sources (Uses)		
Transfers In	4,079,117	-
Transfers Out	(450,000)	(1,918,085)
Transfers Among Constitutional Officers	(996)	137
Issuance of Debt	2,300,000	-
	<u>5,928,121</u>	<u>(1,917,948)</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	1,975,997	7,438,082
Fund Balances - Beginning	<u>8,016,874</u>	<u>25,981,370</u>
Fund Balances - Ending	<u>\$ 9,992,871</u>	<u>\$ 33,419,452</u>

Exhibit IV-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
200,000	4,984,147	9,263,264
(550,698)	(5,580,310)	(8,499,093)
-	859	-
<u>22,430,910</u>	<u>2,741,979</u>	<u>27,472,889</u>
<u>22,080,212</u>	<u>2,146,675</u>	<u>28,237,060</u>
10,471,904	2,531,450	22,417,433
<u>3,079,552</u>	<u>23,654,320</u>	<u>60,732,116</u>
<u>\$ 13,551,456</u>	<u>\$ 26,185,770</u>	<u>\$ 83,149,549</u>

The notes to the financial statements are an intergral part of this statement.

Okaloosa County, Florida
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

Net change in fund balances - total governmental funds (Exhibit IV-A)	\$	22,417,433
<p>Amounts reported for governmental activities in the statement of activities are different because: Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is depreciated or amortized over the estimated useful lives of the assets.</p>		
Expenditures for capital assets		23,602,553
Less current year depreciation/amortization		<u>(9,063,218)</u>
		14,539,335
<p>Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Accordingly, proceeds received from disposals of capital asset are shown as income in the governmental financial statements and a gain or loss is reported in the Statement of Activities. In addition, capital asset reassignments are reported as transfers in the Statement of Activities.</p>		
		(314,915)
<p>Grant revenue in the governmental funds is recognized when it is measurable and available; however, the revenue was recognized in the Statement of Activities when it was earned (qualifying expenditures were incurred).</p>		
		(1,100,000)
<p>The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. Also, governmental funds report the effect of premiums or discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In addition, long-term debt reassignments are reported as transfers on the Statement of Activities.</p>		
Debt proceeds		(24,465,000)
Debt principal payments		3,094,789
Amortization of discounts		(3,022,211)
Changed in accrued interest on long-term debt		<u>(413,756)</u>
		(24,806,178)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
Compensated Absences		91,496
Other Post Employment Benefits		<u>(100,216)</u>
		(8,720)
<p>Governmental funds report County pension contributions as expenditures. In the statement of activities, the cost of the pension benefits earned net of contributions is reported as pension expense.</p>		
Difference between pension contribution and net pension expense		2,512,767
<p>Internal service funds (See Exhibit IX) are used by the County to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance to individual funds. The net revenue or expense of the internal service funds is reported with governmental activities.</p>		
		(1,114,293)
Change in net assets of governmental activities (Exhibit II-B)	<u>\$</u>	<u>12,125,429</u>

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 47,772,825	\$ 47,954,164	\$ 47,690,339	\$ (263,825)
Licenses and Permits	13,500	13,500	11,100	(2,400)
Intergovernmental	13,875,065	29,068,437	18,264,346	(10,804,091)
Charges for Services	14,466,691	15,262,910	15,472,872	209,962
Fines	3,000	3,553	9,616	6,063
Miscellaneous	1,655,429	5,621,864	5,015,984	(605,880)
Total Revenues	77,786,510	97,924,428	86,464,257	(11,460,171)
Expenditures				
Current				
General Government	29,024,039	31,655,218	28,952,262	2,702,956
Public Safety	48,783,070	53,757,161	45,112,545	8,644,616
Physical Environment	392,433	392,389	348,304	44,085
Transportation	262,000	6,907,438	1,459,382	5,448,056
Economic Environment	1,516,703	1,525,062	1,518,921	6,141
Human Services	3,701,494	3,959,894	3,611,710	348,184
Culture and Recreation	1,537,806	1,944,454	1,602,753	341,701
Court-Related	2,190,021	2,683,834	2,338,986	344,848
Capital Outlay	2,241,991	6,354,307	5,324,911	1,029,396
Debt Service				
Principal	-	-	89,789	(89,789)
Interest	-	-	56,818	(56,818)
Total Expenditures	89,649,557	109,179,757	90,416,381	18,763,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,863,047)	(11,255,329)	(3,952,124)	7,303,205
Other Financing Sources (Uses)				
Transfers In	3,849,413	4,352,354	4,079,117	(273,237)
Transfers Out	-	(450,000)	(450,000)	-
Transfers Among Constitutional Officers	1,113,634	(663,898)	(996)	662,902
Issuance of Debt	-	-	2,300,000	(2,300,000)
Total Other Financing Sources (Uses)	4,963,047	3,238,456	5,928,121	(1,910,335)
Net Change in Fund Balance	(6,900,000)	(8,016,873)	1,975,997	5,392,870
Fund Balance - Beginning	6,900,000	8,016,873	8,016,874	1
Fund Balance - Ending	\$ -	\$ -	\$ 9,992,871	\$ 5,392,871

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
TOURIST DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 13,400,000	\$ 13,400,000	\$ 16,713,548	\$ 3,313,548
Licenses and Permits	350,000	350,000	361,409	11,409
Intergovernmental	-	473,429	317,649	(155,780)
Charges for Services	861,500	861,500	755,938	(105,562)
Fines	-	-	9	9
Miscellaneous	305,000	3,911,060	298,383	(3,612,677)
Total Revenues	14,916,500	18,995,989	18,446,936	(549,053)
Expenditures				
Current				
Transportation	-	224,079	224,079	-
Economic Environment	11,101,843	11,316,956	4,615,173	6,701,783
Culture and Recreation	16,490,686	25,752,733	3,734,849	22,017,884
Capital Outlay	5,307,058	5,662,408	516,805	5,145,603
Total Expenditures	32,899,587	42,956,176	9,090,906	33,865,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,983,087)	(23,960,187)	9,356,030	33,316,217
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(2,017,913)	(2,022,183)	(1,918,085)	104,098
Transfers Among Constitutional Officers	1,000	1,000	137	(863)
Total Other Financing Sources (Uses)	(2,016,913)	(2,021,183)	(1,917,948)	103,235
Net Change in Fund Balance	(20,000,000)	(25,981,370)	7,438,082	33,419,452
Fund Balance - Beginning	20,000,000	25,981,370	25,981,370	-
Fund Balance - Ending	\$ -	\$ -	\$ 33,419,452	\$ 33,419,452

The notes to the financial statements are an integral part of this statement.



Okaloosa County, Florida
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 12,695,095	\$ 10,649,255	\$ 2,292,487
Investments	13,914,361	742,239	2,958
Receivables, Net of Allowance for Uncollectible	2,594,674	916,913	3,369,695
Due from Other Funds	-	-	-
Due from Other Elected Officials	-	-	-
Due from Other Governments	311,450	2,153,943	-
Inventory	1,839,196	77,149	-
Prepays	117,231	3,975	3,493
Restricted Assets			
Cash and Cash Equivalents	15,242,728	4,219,947	-
Customer Deposits	1,341,764	-	-
Other Deposits	1,408,686	-	-
Investments	-	8,872,629	-
Total Restricted Assets	17,993,178	13,092,576	-
Total Current Assets	49,465,185	27,636,050	5,668,633
Capital Assets			
Land	6,541,624	6,451,481	-
Buildings	6,101,645	67,142,575	-
Improvements Other Than Buildings	-	-	-
Intangibles	729,105	94,400	30,150
Machinery and Equipment	10,667,389	1,928,193	4,400,437
Construction in Progress	8,375,987	1,540,862	-
Infrastructure	253,325,160	85,993,166	-
Works of Art	-	69,865	-
Less Accumulated Depreciation/Amortization	(109,411,082)	(37,594,129)	(3,231,951)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	176,329,828	125,626,413	1,198,636
Total Noncurrent Assets	176,329,828	125,626,413	1,198,636
Total Assets	\$ 225,795,013	\$ 153,262,463	\$ 6,867,269

Exhibit VII

Activities		Governmental Activities -- Internal Service Funds	
Other Enterprise Funds	Total Enterprise Funds		
\$ 1,357,781	\$ 26,994,618	\$ 6,133,035	
689,468	15,349,026	29,789	
737,969	7,619,251	29,305	
-	-	57,679	
-	-	586	
22,239	2,487,632	842,580	
-	1,916,345	244,384	
2,841	127,540	11,810	
-	-	-	
-	19,462,675	-	
23,508	1,365,272	-	
-	1,408,686	-	
-	8,872,629	-	
<u>23,508</u>	<u>31,109,262</u>	<u>-</u>	
<u>2,833,806</u>	<u>85,603,674</u>	<u>7,349,168</u>	
133,301	13,126,406	316,861	
115,363	73,359,583	900,466	
276,776	276,776	257,345	
42,425	896,080	-	
3,757,495	20,753,514	2,556,629	
-	9,916,849	-	
-	339,318,326	-	
-	69,865	-	
<u>(2,762,539)</u>	<u>(152,999,701)</u>	<u>(3,379,064)</u>	
1,562,821	304,717,698	652,237	
<u>1,562,821</u>	<u>304,717,698</u>	<u>652,237</u>	
<u>\$ 4,396,627</u>	<u>\$ 390,321,372</u>	<u>\$ 8,001,405</u>	

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 1,233,543	\$ 517,291	\$ 1,293,231
Deferred Charges on Refunding	3,272,202	-	-
Total Deferred Outflows of Resources	\$ 4,505,745	\$ 517,291	\$ 1,293,231
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 373,255	\$ 94,377	\$ 19,620
Contracts Payable	857,745	2,306,791	48,112
Accrued Liabilities			
Compensated Absences	504,705	123,813	195,885
Closure Costs Payable	-	-	-
Claims and Judgments	-	-	-
Other Accrued Liabilities	248,692	81,714	265,802
Due to Other Funds	-	-	-
Due to Other Elected Officials	37	280	75
Due to Other Governments	32,424	516,262	52,511
Notes Payable	-	2,429,898	-
Unearned Revenue	1,814,951	198,603	19,872
Current Liabilities Payable from Restricted Assets			
Customer Deposits Payable	1,338,325	-	-
Interest Payable	834,448	66,723	-
Loan - State of Florida	627,295	-	-
Revenue Bonds Payable	1,750,000	815,000	-
Total Current Liabilities Payable from Restricted Assets	4,550,068	881,723	-
Total Current Liabilities	8,381,877	6,633,461	601,877

Exhibit VII

Activities				Governmental Activities -- Internal Service Funds
Other Enterprise Funds	Total Enterprise Funds			
\$ 258,646	\$ 3,302,711	\$	238,750	
-	3,272,202		-	
\$ 258,646	\$ 6,574,913	\$	238,750	
\$ 16,964	\$ 504,216	\$	106,419	
378,304	3,590,952		861,051	
150,379	974,782		1,217,050	
308,832	308,832		-	
-	-		1,751,429	
71,694	667,902		51,631	
-	-		1,400,000	
118	510		189	
48,844	650,041		6,832	
-	2,429,898		-	
27,739	2,061,165		10,677	
23,508	1,361,833		-	
-	901,171		-	
-	627,295		-	
-	2,565,000		-	
23,508	5,455,299		-	
1,026,382	16,643,597		5,405,278	

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Noncurrent Liabilities			
Compensated Absences	479,798	97,780	103,001
Closure Costs Payable	-	-	-
Claims and Judgments	-	-	-
Loan- State of Florida (Net of Unamortized Discounts)	4,955,239	-	-
Revenue Bonds Payable (Net of Unamortized Discounts and Premiums)	74,651,778	15,990,137	-
Other Post Employment Benefits	149,895	37,130	136,707
Net Pension Liability	6,110,917	2,562,642	6,406,607
Total Noncurrent Liabilities	86,347,627	18,687,689	6,646,315
Total Liabilities	\$ 94,729,504	\$ 25,321,150	\$ 7,248,192
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 1,301,959	\$ 545,983	\$ 1,364,958
Total Deferred Inflows of Resources	\$ 1,301,959	\$ 545,983	\$ 1,364,958
NET POSITION			
Net Investment in Capital Assets Restricted for Debt Service	\$ 104,541,359	\$ 106,391,378	\$ 1,198,636
Restricted for Other Purposes	6,519,132	2,123,896	-
Unrestricted (Deficit)	-	10,968,680	-
	23,208,804	8,428,667	(1,651,286)
Total Net Postion (Deficit)	\$ 134,269,295	\$ 127,912,621	\$ (452,650)
Total Liabilities and Net Positon (Deficit)	\$ 230,300,758	\$ 153,779,754	\$ 8,160,500

Exhibit VII

Activities			Governmental Activities -- Internal Service Funds
Other Enterprise Funds	Total Enterprise Funds		
131,264	811,843	91,733	
4,014,822	4,014,822	-	
-	-	2,386,476	
-	4,955,239	-	
-	90,641,915	-	
32,268	356,000	4,173,966	
1,281,323	16,361,489	1,182,757	
5,459,677	117,141,308	7,834,932	
\$ 6,486,059	\$ 133,784,905	\$ 13,240,210	
\$ 272,991	\$ 3,485,891	\$ 251,992	
\$ 272,991	\$ 3,485,891	\$ 251,992	
\$ 1,562,821	\$ 213,694,194	\$ 652,237	
-	8,643,028	-	
-	10,968,680	-	
(3,666,598)	26,319,587	(5,904,284)	
\$ (2,103,777)	\$ 259,625,489	\$ (5,252,047)	
\$ 4,655,273	\$ 396,896,285	\$ 8,240,155	

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Operating Revenues			
Licenses and Permits	\$ -	\$ -	\$ -
Charges for Services	30,574,364	8,223,919	6,474,876
Miscellaneous	1,816,096	-	-
Total Operating Revenues	32,390,460	8,223,919	6,474,876
Operating Expenses			
Personal services	5,826,868	2,215,642	5,360,071
Contractual Services	3,557,294	2,237,580	465,297
Supplies	770,741	632,135	649,523
Insurance Premiums and Claims	-	-	-
Utilities	1,920,936	898,228	26,135
Other Operating Expenses	3,916,411	1,792,561	535,300
Depreciation/Amortization	6,619,852	4,113,640	402,961
Total Operating Expenses	22,612,102	11,889,786	7,439,287
Operating Income (Loss)	9,778,358	(3,665,867)	(964,411)
Nonoperating Revenues (Expenses)			
Taxes	-	-	1,504,000
Intergovernmental	4,209	-	25,615
Investment Income (Loss)	1,548,473	225,006	16,735
Other Non-Operating Revenue	314,764	32,147	-
Interest Expenses	(3,105,030)	(490,460)	-
Other Debt Services Costs	(714,601)	(34,589)	-
Gain/(Loss) on Disposal of Capital Assets	147	(729)	(492)
Passenger and Customer Facility Charges	-	2,924,733	-
Total nonoperating Revenues (Expenses)	(1,952,038)	2,656,108	1,545,858
Income (Loss) Before Contributions and Transfers	7,826,320	(1,009,759)	581,447

Exhibit VIII

Activities		Governmental Activities -- Internal Service Funds	
Other Enterprise Funds	Total Enterprise Funds		
\$ 1,592,104	\$ 1,592,104	\$ -	
8,227,785	53,500,944	21,601,820	
1,834	1,817,930	23,702	
<u>9,821,723</u>	<u>56,910,978</u>	<u>21,625,522</u>	
1,795,166	15,197,747	1,688,717	
6,149,294	12,409,465	423,333	
124,423	2,176,822	3,228,215	
-	-	16,709,825	
13,307	2,858,606	6,332	
550,455	6,794,727	365,442	
200,513	11,336,966	47,196	
<u>8,833,158</u>	<u>50,774,333</u>	<u>22,469,060</u>	
<u>988,565</u>	<u>6,136,645</u>	<u>(843,538)</u>	
-	1,504,000	-	
196,953	226,777	-	
17,159	1,807,373	10,733	
-	346,911	-	
-	(3,595,490)	-	
-	(749,190)	-	
-	(1,074)	193,145	
-	2,924,733	-	
<u>214,112</u>	<u>2,464,040</u>	<u>203,878</u>	
<u>1,202,677</u>	<u>8,600,685</u>	<u>(639,660)</u>	

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Capital Contributions	3,379,981	2,761,811	-
Transfers In	-	-	33,000
Transfers Out	(19,614)	(97,769)	-
Change in Net Position	11,186,687	1,654,283	614,447
Total Net Position (Deficit) - Beginning as Restated	123,082,608	126,258,338	(1,067,097)
Total Net Position (Deficit) - Ending	\$ 134,269,295	\$ 127,912,621	\$ (452,650)

Exhibit VIII

<u>Activities</u>		<u>Governmental Activities -- Internal Service Funds</u>
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
180,398	6,322,190	5,367
4,270	37,270	400,000
<u>(204,058)</u>	<u>(321,441)</u>	<u>(880,000)</u>
1,183,287	14,638,704	(1,114,293)
<u>(3,287,064)</u>	<u>244,986,785</u>	<u>(4,137,754)</u>
<u>\$ (2,103,777)</u>	<u>\$ 259,625,489</u>	<u>\$ (5,252,047)</u>

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-type Activities		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 34,060,023	\$ 7,237,952	\$ 7,734,974
Payments to Suppliers	(10,235,690)	(3,437,486)	(1,661,055)
Payments to Employees	(6,162,162)	(2,354,052)	(5,752,451)
Payments for Other Revenues	314,764	32,147	-
Net Cash Provided (Used) by Operating Activities	<u>17,976,935</u>	<u>1,478,561</u>	<u>321,468</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Subsidy - Taxes	-	-	1,504,000
Operating Subsidy - Intergovernmental Revenue	4,209	-	25,615
Transfers In	-	-	33,000
Transfers Out	(19,614)	(97,769)	-
Net Interfund Activity	-	1,085,000	380,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(15,405)</u>	<u>987,231</u>	<u>1,942,615</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(8,719,271)	(3,207,832)	(87,518)
Passenger and Customer Facility Charges	-	2,924,733	-
Proceeds from Disposal of Capital Assets	72,959	-	-
Net Borrowing (Repayments)			
Proceeds from Debt	77,313,632	-	-
Principal Paid on Capital Debt	(86,005,015)	(1,049,139)	-
Interest Paid on Capital Debt	(3,195,188)	(954,994)	-
Other Debt Service Costs	(714,601)	-	-
Capital Contributions	3,379,981	2,761,811	-
Net cash provided (used) by capital and related financing activities	<u>(17,867,503)</u>	<u>474,579</u>	<u>(87,518)</u>

Exhibit IV

<u>- Enterprise Funds</u>			Governmental Activities -- Internal Service Funds
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>		
\$ 9,772,372	\$ 58,805,321	\$ 16,793,948	
(7,130,541)	(22,464,772)	(19,872,497)	
(1,820,552)	(16,089,217)	(2,052,614)	
-	346,911	-	
<u>821,279</u>	<u>20,598,243</u>	<u>(849,259)</u>	
-	1,504,000	-	
174,714	204,538	-	
4,270	37,270	400,000	
-	(117,383)	(880,000)	
<u>(204,058)</u>	<u>1,260,942</u>	<u>-</u>	
<u>(25,074)</u>	<u>2,889,367</u>	<u>(480,000)</u>	
(549,314)	(12,563,935)	(285,825)	
-	2,924,733	-	
-	72,959	326,406	
-	77,313,632	-	
-	(87,054,154)	-	
-	(4,150,182)	-	
-	(714,601)	-	
-	6,141,792	5,367	
<u>(549,314)</u>	<u>(18,029,756)</u>	<u>45,948</u>	

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-type Activities		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	199,762	2,548	(2,622)
Interest Income	316,788	165,997	16,840
Net Cash Provided (Used) by Investing Activities	516,550	168,545	14,218
Net Increase (Decrease) in Cash and Cash Equivalents	610,577	3,108,916	2,190,783
Cash and Cash Equivalents - Beginning of Year	30,077,696	11,760,286	101,704
Cash and Cash Equivalents - End of Year	\$ 30,688,273	\$ 14,869,202	\$ 2,292,487
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ 12,695,095	\$ 10,649,255	\$ 2,292,487
Restricted assets	17,993,178	4,219,947	-
Total	\$ 30,688,273	\$ 14,869,202	\$ 2,292,487
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 9,778,358	\$ (3,665,867)	\$ (964,411)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	6,619,852	4,113,640	402,961
Other revenue	314,764	32,147	-
Decrease (Increase) in Assets			
Accounts Receivable	(144,048)	164,479	1,259,845
Due from Other Elected Officials	-	-	2
Due from Other Governments	1,887,881	(1,209,320)	-
Due from Other Funds	-	-	-
Inventories	(17,160)	68,777	-
Prepaid Expenses	(72,956)	2,685	1,777
Deferred Outflows	(521,961)	(218,886)	(547,218)

Exhibit IV

<u>- Enterprise Funds</u>		
<u>Other</u>	<u>Total</u>	<u>Governmental</u>
<u>Enterprise Funds</u>	<u>Enterprise Funds</u>	<u>Activities --</u>
		<u>Internal</u>
		<u>Service Funds</u>
-	199,688	(11,683)
13,291	512,916	5,063
<u>13,291</u>	<u>712,604</u>	<u>(6,620)</u>
260,182	6,170,458	(1,289,931)
<u>1,121,107</u>	<u>43,060,793</u>	<u>7,422,966</u>
<u>\$ 1,381,289</u>	<u>\$ 49,231,251</u>	<u>\$ 6,133,035</u>
\$ 1,357,781	\$ 26,994,618	\$ 6,133,035
23,508	22,236,633	-
<u>\$ 1,381,289</u>	<u>\$ 49,231,251</u>	<u>\$ 6,133,035</u>
\$ 988,565	\$ 6,136,645	\$ (843,538)
200,513	11,336,966	47,196
-	346,911	-
(58,040)	1,222,236	(6,666)
(2,841)	(2,839)	(298)
-	678,561	(26,917)
-	-	(57,679)
-	51,617	20,796
-	(68,494)	5,290
(109,445)	(1,397,510)	(101,025)

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-type Activities		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	(339,008)	(79,146)	(29)
Service Contracts Payable	347,671	1,732,902	9,824
Due to Other Funds	-	-	-
Due to Other Elected Officials	(428)	122	(4)
Due to Other Governments	11,573	397,678	3,630
Compensated Absences Payable	8,606	8,137	(34,246)
Closure Cost Payable	-	-	-
Claims and Judgments Payable	-	-	-
Other Accrued Liabilities	51,831	19,403	56,744
Deposits	(137,566)	-	-
Unearned Revenue	63,296	58,874	253
Other Post Employment Benefits	15,872	6,657	16,641
Net Pension Liability	2,258,341	947,046	2,367,616
Deferred Inflows	(2,147,983)	(900,767)	(2,251,917)
Total Adjustments	8,198,577	5,144,428	1,285,879
Net Cash Provided (Used) by Operating Activities	\$ 17,976,935	\$ 1,478,561	\$ 321,468

SUPPLEMENTAL DISCLOSURES OF NON CASH TRANSACTIONS:

Amortization of Loan Costs and Refunding Losses	\$ 101,550	\$ -	\$ -
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Exhibit IV

<u>- Enterprise Funds</u>			Governmental Activities -- Internal Service Funds
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>		
(29,767)	(447,950)		(7,915)
(13,968)	2,076,429		765,460
-	-		(249,020)
118	(192)		134
27,767	440,648		(24,577)
34,989	17,486		(34,750)
(274,371)	(274,371)		-
-	-		(517,342)
22,600	150,578		15,120
-	(137,566)		-
8,689	131,112		182
3,328	42,498		144,931
(23,965)	5,549,038		437,097
47,107	(5,253,560)		(415,738)
<u>(167,286)</u>	<u>14,461,598</u>		<u>(5,721)</u>
<u>\$ 821,279</u>	<u>\$ 20,598,243</u>		<u>\$ (849,259)</u>
\$ -	\$ 101,550		\$ -

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 6,642,553
Accounts Receivable	8,360
Due from Other Elected Officials	110
Total Assets	6,651,023
LIABILITIES	
Due to Other Funds	\$ 10,298
Due to Other Elected Officials	147,316
Due to Other Governments	667,651
Due to Depositors	4,157,158
Taxes Collected in Advance for Other Governments	1,668,600
Total Liabilities	6,651,023
NET POSITION	\$ -

The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Okaloosa County, Florida (hereinafter referred to as County) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County uses the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes.

The following is a summary of the more significant accounting policies of the County.

A. The Reporting Entity

Okaloosa County is a political subdivision of the State of Florida, governed by a five member Board of County Commissioners, each elected by the citizenry at large for four-year terms. The Board has no powers other than those expressly vested in it by State Statute and their governmental powers cannot be delegated. In addition, the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections are elected by the citizenry at-large and function independently of the Board.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Board of County Commissioners of Okaloosa County (the primary government). In evaluating the Board as a reporting entity, management has considered all potential component units for which the Board may or may not be financially accountable and, as such, be included within the Board's financial statements. Management utilized criteria set forth in GASB No. 61 for determining financial accountability of potential component units in evaluating all potential component units. In accordance with GASB No. 61, the Board (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Board evaluated the Emerald Coast Bridge Authority (authority) in accordance with GASB No. 61. The Authority has been dormant for several years. The Board does not believe it is financially accountable with respect to the Authority or that financial burden relationship exists based on an evaluation of GASB No. 61. As such, the Authority is not included as part of the Board's reporting entity.

B. Government-Wide and Fund Financial Statements

1. Government-Wide Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements display information on all of the non-fiduciary activities of the primary government and its component unit. The primary government and the component unit are reported separately with the focus of the statements being the primary government. Individual funds are not displayed. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the different business-type activities of the County. A *function* is an assembly of similar activities and may include portions of a fund or summarize more than one fund to report the expenses and program revenues associated with a

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements - Continued

1. Government-Wide Statements - Continued

distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the programs of the County and 2) grants and contributions that are restricted to meeting the operational activities or the construction, acquisition, or rehabilitation of capital assets required by a particular program. These revenues are subject to externally imposed restrictions to these program uses. The determining factor for identifying to which function program revenue pertains is which function generated the revenue in the case of charges for service. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes and other items not properly included among program revenues are reported instead as *general revenues* of the County. The comparison of direct expense with program revenues in the statement of activities identifies the extent to which each governmental function and each business activity is self-financing and how much they draw from the general revenues of the County.

2. Fund Financial Statements

During the year, transactions related to certain functions or activities are segregated into separate funds in order to aid financial management and to demonstrate legal compliance. A *fund* is a fiscal and accounting entity with a self-balancing set of accounts. The fund financial statements are designed to present detail information about the County's financial activities. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Exchange and Non-exchange Transactions

Exchange transactions are those in which each party receives and gives up essentially equal values. An example of an exchange transaction is a charge for service, rent, in exchange for a specific service, use of a County building. Non-exchange transactions are those in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange. An example of a non-exchange transaction is property tax revenue received by the County which is used to fund various general governmental services. The revenue from these exchange and non-exchange transactions is recognized in the financial statements in varying ways depending on the basis of accounting used.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

2. Government-Wide and Fiduciary Fund Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus*. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities reports all revenues and expenses. Fiduciary funds are excluded from the government-wide financial statements. The statement of fiduciary assets and liabilities reports all assets and liabilities associated with the agency funds of the County. Agency funds are the only type of fiduciary fund used by the County.

Government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. The agency funds of the County use the accrual basis of accounting to recognize the receivables and payables recorded in those funds.

The effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned on the statement of activities.

3. Governmental Fund Financial Statements

All governmental funds are accounted for using a flow of *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Governmental fund financial statements are reported using the *modified accrual basis of accounting*. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Those revenues susceptible to accrual are sales tax, gasoline taxes and other intergovernmental revenues collected and held by the state at year end on behalf of the County, special assessments, licenses, interest revenue and charges for service. Current year property taxes uncollected at the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility and are not recorded as a receivable on the balance sheet. All other revenue items are considered to be measurable and available only when the government receives cash.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

3. Governmental Fund Financial Statements - Continued

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

4. Proprietary Fund Financial Statements

The proprietary fund financial statements are reported using the *economic resources measurement focus*. Under this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The statement of revenue, expenses and changes in equity reports revenues and expenses. The proprietary funds are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. The principal operating revenues for the proprietary funds are fees and charges for water and sewer, airports, solid waste, inspection services, emergency medical services, convention center, self-insurance, compensated absence debt service and fleet internal service operations. Operating expenses for the enterprise funds, and the internal service funds, include the cost of sales and services, administrative expenses and depreciation of capital assets.

Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. They include property taxes, grants, entitlements, donations and capital contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Contributions of capital in proprietary fund financial statements arise from internal and external contributions of capital assets or from grants or outside contribution of resources restricted to capital acquisition and construction.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

5. Other Financial Statement Presentation Information

The County currently employs an indirect allocation system. An administrative service fee is charged by the General Fund, at the direction of the Board of County Commissioners, to several special revenue and enterprise funds to address General Fund services (finance, personnel, purchasing, legal, technology management, etc.) provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the charge back of services, such as insurance costs, vehicle maintenance, and central costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The County reports the following major governmental funds:

General Fund

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Tourist Development Special Revenue Fund

This fund is used to account for funds received from imposition of the 5% tourist development tax for the purpose of improving Okaloosa County's tourist industry as authorized by 125.0104, F.S., and Okaloosa County Ordinance No. 89-23 as amended by 91-20, 92-52, 95-10, 99-07, 07-58, 12-21, 13-19, 13-20, and 14-08.

Capital Outlay Constructions Trust Fund

This fund is used to account for proceeds of bond issues, federal and state grants, and local appropriations for major capital projects. At the end of the fiscal year, completed projects are capitalized and reported on the government-wide financial statements of Okaloosa County, Florida.

The County reports the following major enterprise funds:

Water and Sewer Enterprise Fund

This fund is used to account for the user charges and expenses associated with the provision of water and sewer services to residents of the unincorporated areas of Okaloosa County.

Airport Enterprise Fund

This fund is used to account for the operation of three Okaloosa County airports. Revenue sources include federal and state grants, fees from concessionaires and other fees and charges for services to tenants and airport users.

Emergency Medical Services Fund

This fund is used to account for the operation of a county-wide emergency medical technician and paramedic service. Revenue sources include ad valorem property tax subsidy, user charges, and private donations.

The County reports the following fund types:

Internal Service Funds

These funds account for insurance coverage (including other post employment benefits for retirees), fleet management services, and funding of compensated absence debt provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

5. Other Financial Statement Presentation Information – Continued

Agency Funds

These funds account for monies held on behalf of individuals and companies that use the County as a depository; property taxes, fines, court costs, licenses and fees collected on behalf of other governments; and surety bonds and performance deposits.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance

1. Deposits and Investments

Sections 28.33, 218.415, and 219.075, Florida Statutes, require the investment of surplus public funds and prescribe the instruments in which those investments are authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund; SEC registered money market funds with the highest credit quality rating; interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02; direct obligations of the United States Treasury, federal agencies and instrumentalities; and securities of or other interest in certain investment companies or investment trusts the portfolio of which is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such obligations. Because the County has adopted written investment policies as provided in subsection (1) through (15) of s. 218.415, other investments may be authorized by resolution or ordinance. Currently authorized are investments in term repurchase agreements with primary broker/dealers collateralized in the County's name by securities of the United States Government or any agency or instrumentality thereof; overnight repurchase agreements with collateral held by the custodian bank or its trust department; tax exempt bonds, notes or obligations rated in the two highest classifications; inventory-based domestic bankers' acceptances eligible to qualify for use as collateral at the Federal Reserve Bank; SEC registered open-end mutual funds whose portfolios consist of United States Government securities and repurchase agreements secured by such securities; and Florida Local Government Investment Trust. The County adheres strictly to the provisions of those cited Statutes and investments authorized by resolution or ordinance, as well as with Chapter 517, Florida Statutes, which establishes registration procedures for securities and dealers.

The Board of County Commissioners maintains a cash and investment pool available for use by all funds of the Board. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. In addition, certificates of deposits, money market accounts and debt securities can be separately maintained by several Board funds. Other elected officials maintain similar pooled cash accounts or individual cash accounts through which their office activities are managed.

Each fund's portion of the pooled cash and individual deposit type investments are displayed on the balance sheet as "cash and cash equivalents." For purposes of these statements, all highly liquid investments (including restricted assets) with maturity of ninety days or less when purchased are considered to be cash equivalents.

U.S. Treasury and agency obligations with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost. Nonparticipating investment contracts, generally certificates of deposit, are reported at cost. All other investments are reported at fair value. The State of Florida provides regulatory oversight for the external investment pools in which the County invests. The pools either meet the "2A-7 like" criteria of GASB 31 or value investments at fair value. Therefore, fair value of the position in these pools is the same as the value of the pool shares.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance - Continued

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds or elected officials” or “due to other funds or elected officials” on the fund statement balance sheets. Short-term interfund loans are also classified as “interfund receivables/payables.” Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a non-spendable fund balance account that indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

The Emergency Medical Services Enterprise, Airport, and Water and Sewer Enterprise Funds are the only funds of Okaloosa County that provide for an allowance for doubtful accounts for trade accounts receivables. All other funds accounts receivable write offs are insignificant.

Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector). The County bills and collects its own property taxes, as well as taxes for the County School District and taxes for municipalities and special districts within the County in accordance with the laws of the State of Florida. No accrual has been made for 2015 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Collection of taxes and remittance of them to other governmental agencies are accounted for in the Disbursements Agency Fund of the Tax Collector.

The following is the current property tax calendar.

Lien Date	January 1, 2015
Levy Date	November 1, 2015
Due Date	November 1, 2015
Delinquent Date	April 1, 2016

Discounts of 1% for each month taxes are paid prior to March 2016 are granted.

Revenue recognition criteria for property taxes under the Governmental Accounting Standards Board requires that property taxes expected to be collected within 60 days of the current period be accrued. Current year taxes that are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

3. Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out) in the governmental funds and at lower of cost (first-in, first-out) or market in the proprietary funds. The consumption method is used to account for the inventory. Under the consumption method, inventory items are recorded as expenditures during the period inventory is used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used to account for the prepaid items. Under the consumption method, prepaid items are recorded as expenditures during the period in which they are used.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance – Continued

4. Restricted Assets

Certain proceeds of the Water and Sewer System Enterprise Fund revenue bonds, the Airport Enterprise Fund revenue bonds, and the Governmental Sales Tax Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, restricted assets include funds set aside for repayment of customer deposits in several enterprise funds.

5. Capital Assets

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported on the government-wide statement of net assets of Okaloosa County. Capital assets acquired by proprietary funds are reported in those funds.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The County’s capitalization levels are \$1,000 on tangible personal property and \$5,000 on buildings, improvements other than buildings and infrastructure. The Sheriff maintains a tangible personal property inventory and uses a \$1,000 capitalization level. Other costs incurred for repairs and maintenance are expensed as incurred. General infrastructure assets acquired prior to July 1, 1980 are included in the capital asset inventory and are reported at estimated historical cost using deflated replacement cost.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Buildings	10-50
Improvements Other Than Buildings	7-25
Intangibles	5
Equipment	3-7
Vehicles	2-15
Roads and Bridges	10-75
Wastewater Lines and Pump Stations	10-50
Other Infrastructure	10-50

6. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave or compensatory time balances. The liability is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements.

7. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and the proprietary fund financial statements.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance – Continued

7. Accrued Liabilities and Long-Term Obligations - Continued

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences and claims that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due. At the inception of capital leases reported in governmental funds, expenditures and an “Other Financing Source” of an equal amount are reported at the net present value of future minimum lease payments.

8. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Unamortized losses on bonds are presented deferred outflows.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Deferred Outflows/Inflows of Resources

In addition to assets, deferred outflows of resources represent a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The Board has \$3,272,202 of deferred outflows on Water and Sewer, Series 2015 bonds, and \$11,072,037 of deferred outflows for pension as of September 30, 2015.

In addition to liabilities, deferred inflows of resources represent an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Board has \$11,686,135 of deferred inflows for pension as of September 30, 2015.

No other such material items were applicable to the County as of September 30, 2015.

11. Fund Balance

In the fund financial statements, GASB Statement 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed up on the use of the resources reported in governmental funds. Fund balance classifications under GASB 54 are nonspendable, restricted, committed, assigned and unassigned.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance – Continued

11. Fund Balance - Continued

These classifications reflect not only the nature of funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

Nonspendable – Comprised of amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted – Component consists of amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

Committed – Component consists of amounts that can be used only for the specific purposes determined by a formal action, in the form of ordinances, of the Board, the highest level of decision making authority. Commitments may be changed or lifted only by the board taking the same formal action that imposed the constraint originally.

Assigned – Component consists of amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of County Commissioners or (b) a body (for example: a budget or finance committee) or official to which the County has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in those funds are at a minimum, intended to be used for the purposes of that fund. The Board has delegated to the County Administrator and Finance Officer in accordance with the County’s fund balance policy.

Unassigned – Unassigned fund balance is the residual classification of the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted resources are available for use, it is the policy of the Board to use restricted resources first, and then unrestricted resources as they are needed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned. The County does not have a formal minimum fund balance policy. However, the Board does target 10% of the General Fund budget to set aside for reserves during the annual Budget Policy meeting.

12. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental and proprietary funds; however, budgets for proprietary funds are not required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end. Budgetary data reflected in the financial statements are established by the following Board procedures.

On or about June 1 of each year, proposed budgets are received by the Board of County Commissioners from its department heads, from all other constitutional officers, and from other agencies requesting funding for the ensuing fiscal year. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the Board of County Commissioners in a series of workshops beginning on or after July 15. The Board of County Commissioners requires such changes as deemed necessary, sets proposed millages and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes. Proposed budgets are advertised in a newspaper of general circulation in the County. Public hearings are conducted in Crestview and Shalimar for the purpose of receiving input, responding to complaints and providing reasons and explanations for intended actions to all citizens participating.

In the event the final budget has not been adopted by October 1, the beginning of the fiscal year, Florida Statutes provide for expenditures based on the adopted tentative budget or the Board re-adopts its prior year's adopted final budget, as amended, and expends monies based on that budget until such time as its tentative budget is adopted pursuant to law. The final appropriations budget is adopted by resolution of the Board of County Commissioners.

Florida Statutes require that the individual budgets of several of the constitutional officers must be approved by the State of Florida. The "fee" portion of these budgets is not a part of the appropriations budget passed by the Board of County Commissioners. The budgetary information shown in these financial statements includes the entire budget for each constitutional office. The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The County Administrator is authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, the Board of County Commissioners must approve any revisions that alter the total expenditures of any fund. Each constitutional officer is authorized to make line item transfers but must request approval from the Board for increases in appropriations.

Budget amounts are originally adopted amounts as amended by action of the Board of County Commissioners by revision of fund totals. Supplemental budgetary appropriations of \$65,070,002 representing a 23.33% increase over the original adopted budget were necessary during the fiscal year. All amendments to originally adopted amounts were made in a legally permissible manner.

Encumbrance accounting, under which purchase orders, encumber contracts and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances at fiscal year-end do not constitute expenditures since the commitments will be honored during the subsequent year.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

B. DEFICIT FUND BALANCE/NET POSITION

The Emergency Medical Services Enterprise Fund reported deficit net position of \$452,650 as of September 30, 2015. The deficit is caused by implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27*, resulting in a decrease of \$6,909,853 to net position.

The Inspection and Code Enforcement Fund reported deficit net position of \$269,971 as of September 30, 2015. The deficit is caused by implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27*, resulting in a decrease of \$637,833 to net position.

The Solid Waste Enterprise Fund reported deficit net position of \$1,833,806 as of September 30, 2015. The deficit is caused by changes in reporting closure costs and long-term care costs for the solid waste landfills of the County and implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27*. Further description of these costs and methods of funding them are discussed in Note 7.

The Self Insurance Internal Service Fund reported deficit net position of \$2,328,055. Claim liabilities for workers' compensation, general and automobile liabilities and property damage are funded by actuarially projected budget requirements for expected yearly cash payouts. This funding method results in a deficit fund equity which will be charged back to the other funds over a reasonable period of time so that service fund revenues and expenses will be equal. Additionally, the implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27*, contributed to the deficit.

The Garage Services Internal Service Fund reported a deficit net position of \$1,060,000. Vehicle maintenance and centralized distribution of gasoline and special fuel are funded by monthly billing of services. This funding method results in a deficit fund equity which will be charged back to the other funds so that service fund revenues and expenses will be equal. The deficit is caused by implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27* contributed to the deficit.

The Sheriff's Self-Insurance Fund is reflecting a deficit net position of \$1,863,992. This is the result of the implementation of GASB 45 which requires the unfunded liability for future employee benefits (OPEB) to be recorded at September 30, 2015.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The County maintains a cash and investment management pool in which each fund participates on a dollar equivalent and daily transaction basis. The County's cash and investment management pool is considered to be cash equivalent for reporting purposes because it is an internally managed fund, which allows individual funds to, at any time, deposit additional cash or make withdrawals without prior notice or penalty. The County's cash and investment management pool includes pooled cash maintained in interest-bearing demand deposit accounts, certificates of deposit, and pooled investments of the Local Government Surplus Trust Fund. Interest income (which includes unrealized gains and losses) is distributed monthly based on balance at date of distribution.

Custodial Credit Risk. The County maintains its deposits only with qualified public depositories as defined in Chapter 280, Florida Statutes. The provisions of this statute generally require public funds to be deposited in a bank or savings association designated by the State Chief Financial Officer as a "Qualified Public Depository". All qualified public depositories must maintain deposit insurance. They also must place with or in the name of the Chief Financial Officer of the State of Florida, collateral in the amount of the greater of the average daily balance of public deposits multiplied by the average monthly balance of

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS - CONTINUED

public deposits or 125 percent of the average daily balance of public deposits greater than capital. Collateral requirements may be increased according to statute if specified conditions exist. Eligible collateral includes federal, federally-guaranteed, state and local government obligations and corporate bonds. In the event of default by a qualified public depository excess losses over insurance and collateral will be recovered through assessments to all qualified public depositories of the same type as the depository in default. Under this method, all County deposits, including certificates of deposit, are considered fully insured.

Investments

As of September 30, 2015 the County had the following investments:

<u>Investment Type and Quantity</u>	<u>Par/Principal Value</u>	<u>Fair Value</u>	<u>Maturity</u>
Florida Local Government Investment			
Trust investment pool	28,954,549	28,954,549	On Demand
Federal Home Loan Bank (3)	2,045,000	2,022,873	8/22/2022
	2,000,000	1,986,680	10/25/2024
	2,650,000	2,643,004	7/23/2027
Federal National Mortgage Assoc. (12)	812,665	814,268	12/25/2019
	1,425,387	1,583,013	12/1/2033
	1,910,357	1,972,915	6/1/2017
	923,191	1,007,880	7/1/2020
	731,000	766,775	2/1/2018
	1,380,000	1,471,052	5/1/2018
	1,117,536	1,203,187	12/1/2021
	642,161	680,956	4/1/2017
	491,444	524,198	8/25/2037
	229,491	241,709	10/25/2027
	662,007	694,571	10/25/2027
	472,030	492,007	11/25/2018
Government National Mortgage Assoc. (2)	157,065	126,685	9/16/2033
	684,706	672,340	7/16/2038
Total investments	<u>\$ 47,288,589</u>	<u>\$ 47,858,662</u>	

State Statutes and the formal investments and portfolio policies adopted by the Board of County Commissioners restrict the types of investments that can be made by the County. A description of the requirements and the types of investments allowed as well as information about valuation and other investment policies can be found in Note 1.D.1.

The investment policy manual details the methods used to manage the risks inherent to the investment process. The authority for investment of County funds rests with the Clerk of the Circuit Court who has delegated management of the investment program to the Finance Director. Investments can only be made by majority vote of the investment committee appointed by the Clerk. Although the policies allow investments in many types of instruments, the investment committee has chosen to limit investment risks by investing mainly in allowed investment pools. The pools are 2a7-like investment pools and manage interest rate risk by limiting the weighted average maturity of their portfolios, manage credit risk by investing in mainly governmental and other highly rated securities, manage concentration of credit risk by limiting investment in any one issuer to less than 5% of the portfolio and manage custodial credit risk by requiring collateral for investments held by counterparties.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

Interest rate risk. In accordance with the investment policy, the exposure to declines in fair value of investments outside of the pools is managed by matching the investments to a specific cash flow requirement.

Credit risk. As of September 30, 2015, Standard & Poor's rated the investment in Florida Local Government Investment Trust investment pool AA Af, Florida Local Government Investment Day to Day AA Am, and Florida Local Government Surplus Fund Trust AA Am. As of September 30, 2015 all U.S. Instrumentalities held by the County were rated AAA. The investment policies of the County manage credit risk by limiting investments in U. S. Instrumentalities to the two highest ratings issued by nationally recognized statistical rating organization.

Concentration of credit risk. The investment policies of the County diversify the portfolio by limiting the maximum percentage of various types of investments that can be purchased. The investment policy maximum percentages for the current portfolio are 50% for U.S. agencies and instrumentalities and 50% for repurchase agreements. More than 5% of the County's investments are in the Federal Home Loan Bank, Federal National Mortgage Association, and Government National Mortgage Association. These investments are 14%, 24%, and 2% respectively, of the County's total investments.

Custodial credit risk. STI Classic Institutional Cash Management, U.S. Treasury bills, and U.S. instrumentalities are held by the County's agent in the County's name in accordance with the Okaloosa County Investment Policy requiring third party custody and safekeeping.

NOTE 4 – RECEIVABLES / UNEARNED AND UNAVAILABLE REVENUE

Receivables as of September 30, 2015 for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Funds	Accounts Receivable	Due From Other Governments	Total Receivables	Less: Allowance for Doubtful Accounts	Net Total Receivables Sept. 30, 2015
General	\$ 511,430	\$ 2,702,800	\$ 3,214,230	\$ -	\$ 3,214,230
Tourist Development	3,350,867	151,615	3,502,482	-	3,502,482
Capital Outlay	138	-	138	-	138
Water and Sewer	2,837,462	311,450	3,148,912	(242,788)	2,906,124
Airport	1,133,210	2,153,943	3,287,153	(216,297)	3,070,856
Emergency Medical Services	6,999,764	-	6,999,764	(3,630,069)	3,369,695
Nonmajor and Other Funds	812,276	3,404,531	4,216,807	-	4,216,807
Total	\$ 15,645,147	\$ 8,724,339	\$ 24,369,486	\$ (4,089,154)	\$ 20,280,332

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources received, but not yet earned. At September 30, 2015, the various components of unearned/unavailable revenue were as follows:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 4 – RECEIVABLES / UNEARNED AND UNAVAILABLE REVENUE - CONTINUED

	Unearned	
General Fund		
Grant Revenue	\$	840,068
Rent/Commissions Received in Advance		7,262
Tourist Development		
Event Revenue		69,607
Nonmajor Funds		
Grant Revenue		1,352,803
Federal Forfeitures		312,086
Courts Special Revenue		282,427
Total unearned/unavailable revenue for governmental funds	\$	2,864,253

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 11,558,076	\$ -	\$ -	\$ -	\$ 11,558,076
Intangibles	1,146,905	-	-	-	1,146,905
Construction in progress	4,504,579	12,831,163	-	(1,634,684)	15,701,058
Works of Art	29,195	-	-	-	29,195
Total capital assets, not being depreciated/amortized	17,238,755	12,831,163	-	(1,634,684)	28,435,234
Capital assets, being depreciated/amortized:					
Buildings	90,963,976	4,440,915	-	410,996	95,815,887
Improvements other than buildings	35,056,263	693,218	-	(1,425)	35,748,056
Intangibles	1,913,339	92,555	-	10,854	2,016,748
Machinery and equipment	51,305,524	4,826,504	(4,299,336)	206,338	52,039,030
Infrastructure	148,721,915	878,643	-	1,400,086	151,000,644
Total capital assets being depreciated/amortized	327,961,017	10,931,835	(4,299,336)	2,026,849	336,620,365
Less accumulated depreciation/amortization for:					
Buildings	(30,144,841)	(2,369,974)	-	(7,812)	(32,522,627)
Improvements other than buildings	(10,083,010)	(942,394)	-	-	(11,025,404)
Intangibles	(1,704,921)	(81,449)	(7,630)	-	(1,794,000)
Machinery and equipment	(40,827,431)	(3,620,334)	3,370,561	243,132	(40,834,072)
Infrastructure	(82,799,371)	(2,096,263)	-	-	(84,895,634)
Total accumulated depreciation/amortization	(165,559,574)	(9,110,414)	3,362,931	235,320	(171,071,737)
Total capital assets, being depreciated/amortized, net	162,401,443	1,821,421	(936,405)	2,262,169	165,548,628
Governmental activities capital assets, net	\$ 179,640,198	\$ 14,652,584	\$ (936,405)	\$ 627,485	\$ 193,983,862

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 5 – CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 11,460,470	\$ 1,665,936	\$ -	\$ -	\$ 13,126,406
Construction in progress	8,263,543	3,904,427	-	(2,251,121)	9,916,849
Works of art	69,865	-	-	-	69,865
Total capital assets, not being depreciated/amortized	<u>19,793,878</u>	<u>5,570,363</u>	<u>-</u>	<u>(2,251,121)</u>	<u>23,113,120</u>
Capital assets, being depreciated/amortized:					
Buildings	71,151,806	2,161,642	-	46,135	73,359,583
Improvements other than buildings	276,776	-	-	-	276,776
Intangibles	842,835	19,125	-	34,120	896,080
Machinery and equipment	19,523,739	2,081,580	(502,741)	(349,064)	20,753,514
Infrastructure	334,373,026	1,201,334	-	3,743,966	339,318,326
Total capital assets being depreciated/amortized	<u>426,168,182</u>	<u>5,463,681</u>	<u>(502,741)</u>	<u>3,475,157</u>	<u>434,604,279</u>
Less accumulated depreciation/amortization for:					
Buildings	(16,436,752)	(1,818,278)	-	-	(18,255,030)
Improvements other than buildings	(164,539)	(9,226)	-	-	(173,765)
Intangibles	(809,444)	(25,242)	-	-	(834,686)
Machinery and equipment	(14,931,825)	(1,295,409)	455,188	522,680	(15,249,366)
Infrastructure	(110,235,136)	(8,251,718)	-	-	(118,486,854)
Total accumulated depreciation/amortization	<u>(142,577,696)</u>	<u>(11,399,873)</u>	<u>455,188</u>	<u>522,680</u>	<u>(152,999,701)</u>
Total capital assets, being depreciated/amortized, net	<u>283,590,486</u>	<u>(5,936,192)</u>	<u>(47,553)</u>	<u>3,997,837</u>	<u>281,604,578</u>
Business-type activities capital assets, net	<u>\$303,384,364</u>	<u>\$ (365,829)</u>	<u>\$(47,553)</u>	<u>\$1,746,716</u>	<u>\$304,717,698</u>

Depreciation expense was charged to functions/programs as follows.

	<u>Depreciation</u>	<u>Amortization</u>
Governmental activities:		
General government	\$ 1,876,445	\$ 50,629
Public safety	2,184,308	2,788
Physical environment	96,761	-
Transportation, including depreciation of general infrastructure assets	3,059,492	7,307
Economic environment	33,124	-
Human services	323,651	-
Culture and recreation	1,167,156	980
Court related	240,832	19,745
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	47,196	-
Total depreciation expense - governmental activities	<u>\$ 9,028,965</u>	<u>\$ 81,449</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 5 – CAPITAL ASSETS - CONTINUED

	Depreciation	Amortization
Business-type activities:		
Water and sewer	\$ 6,594,610	\$ 25,242
Airport	4,113,640	-
Emergency Medical Services	402,961	-
Other enterprise funds	200,513	-
Total depreciation expense - business-type activities	\$ 11,311,724	\$ 25,242

Construction Commitments

Shalimar Administration Building

The County has entered into contract to build an administration building. The contract totals \$8,902,253. Cumulative expenditures total \$8,422,175 with \$480,078 remaining liability outstanding at September 30, 2015.

Crestview Courthouse Remodel

The Board initially entered into contract to design and remodel the Crestview Courthouse. After consideration, the Board direction changed to full redevelopment of the parcel with estimated costs of \$26 million. The contract in place at September 30, 2015 totals \$2,466,340. Cumulative expenditures total \$482,364, with \$1,983,976 remaining liability outstanding at September 30, 2015.

Road and Other Infrastructure Improvements

The County has entered into contracts to improve infrastructure at various locations throughout the County. The contracts total \$2,018,911. Cumulative expenditures total \$195,855, with \$1,823,056 remaining liability outstanding at September 30, 2015.

Water and Sewer Expansion and Renovation

The Water and Sewer System is continuing significant expansion and renovations throughout the County. Based on the fiscal year 2016 capital budget, total expenditures will approximate \$30,654,344 on projects, which includes \$11,000,000 for Arbennie expansion, \$1,130,000 for land buffer, and multiple smaller projects.

NOTE 6 – COMPENSATED ABSENCES

Each constitutional officer's policy for compensated absences is summarized below.

Board of County Commissioners and Supervisor of Elections

The policy of the Board of County Commissioners and the Supervisor of Elections for annual and sick leave and compensatory time is as follows:

Employees may accrue an unlimited amount of annual and sick leave. The employees earn leave at varying rates per month based on their work schedules.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 6 – COMPENSATED ABSENCES- CONTINUED

	Years of Service	40 hours/ week	45 hours/ week	24 hours on/ 48 hours off
<u>Annual Leave</u>				
Full time employees	0-5	8 hours	9 hours	11 hours
	6-10	10 hours	11 hours	14 hours
	11-15	12 hours	14 hours	17 hours
	16-20	14 hours	16 hours	20 hours
	21-25	16 hours	18 hours	22 hours
	26+	18 hours	20 hours	25 hours
Part time employees	1	4 hours		
Maximum amount paid upon separation from service		240 hours	270 hours	336 hours
<u>Sick Leave</u>				
Full time employees		8 hours	9 hours	11 hours
Part time employees		0 hours		

Unused sick leave will be paid to employees having ten consecutive years of service upon termination or retirement at varying percentages based on the total unused hours: 50% for the first 480 hours; 25% for the second 480 hours and 20% for all hours over 960.

Compensatory Time

Compensatory time is available only to hourly (non-exempt) employees. Most employees may accrue up to 240 hours except for law enforcement and correctional officers who can accrue up to 480 hours. Unused amounts will be paid upon termination or retirement.

Clerk of the Circuit Court

The policy of the Clerk for annual and sick leave was changed June 1, 2015 to Paid Time Off (PTO). An employee can now accumulate and carry forward 1,000 hours of PTO from year to year. Any PTO in excess of 1,000 hours will be forfeited after the first pay period of the calendar year. PTO is accrued based on the schedule below. Upon retirement or termination, the employee may be paid up to a maximum of the following schedule.

Years of Service	Hours Earned per Pay Period (26)	Years of Service	Balance Paid Upon Separation
0 – 1	6.25	2 – 5	20% of PTO
2 – 5	7.00	6 – 10	25% of PTO
6 – 10	7.75	11 – 15	30% of PTO
11 – 15	8.50	16 – 20	40% of PTO
16 – 20	9.25	21+	50% of PTO
21+	10.00		

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 6 – COMPENSATED ABSENCES – CONTINUED

Sheriff

The Sheriff maintains a policy providing for annual vacation and sick leave pay for all full-time non-exempt employees. Employees are allowed to accumulate unlimited time; however, upon separation the employee will receive compensation only for any unused annual leave up to a maximum of 240 hours. Annual vacation leave for full-time non-exempt employees is calculated as follows:

Years of Service	Accrual Rate
Less than five (5) years	(8) hours per calendar month
Five (5) to ten (10) years	(10) hours per calendar month
Ten (10) and more years	(12) hours per calendar month

Sick leave for non-exempt employees is accrued at eight hours per month. Unused accrued leave is carried over from year to year. Employees terminating after ten years of service are compensated for unused sick leave up to a maximum of 100 hours.

Vacation leave for exempt employees is accrued at 176 hours annually and sick leave for exempt employees is accrued at 104 hours annually.

An employee who meets eligibility requirements receives up to 12 weeks of leave, paid and /or unpaid in accordance with the federal Family Medical Leave Act of 1993 guidelines.

Tax Collector

The policy of the Tax Collector for Paid Time Off (PTO) is that employees are entitled to accrue leave each pay period based on an employee’s hire date. Below is a breakdown of how leave will be earned:

Years of Service (based on hire date)	Weeks PTO	# Hours Earned per Pay Period
1 year	3 weeks	4.62
2 - 5 years	4.4 weeks	6.77
6 - 10 years	5.4 weeks	8.31
11 - 15 years	6 weeks	9.23
16 - 20 years	6.5 weeks	10.00
21+ years	7 weeks	10.77

Upon separation of employment from the Tax Collector, the maximum unused hours paid at termination are based upon years of service. Maximum unused hours paid for employees with 1 – 10 years of service or in DROP are 500 hours for 10 plus years of service.

Property Appraiser

The Property Appraiser’s policy provides for “paid days off” (a combination of sick and annual leave) which may be used at the employee’s discretion. Paid days off accumulate ratably during each year of employment at the following rates based on years of employment.

1 to 5 years	192 hours per year
5 to 10 years	216 hours per year
Over 10 years	240 hours per year

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 6 – COMPENSATED ABSENCES – CONTINUED

Property Appraiser – Continued

Employees are allowed to accumulate up to 360 hours of paid days off for which they will be paid upon termination of employment. Paid days off accumulated in excess of 360 hours at the end of the calendar year are lost except for employees planning retirement. Employees planning retirement within the following year may increase the accrued paid days off to a maximum of 500 hours.

The total amounts of accumulated annual leave and other compensated absences for all elected officials as of September 30, 2015 follow:

Elected Official	Current Portion	Long -Term Portion	Totals
Board of County Commissioners	\$ 2,623,592	\$ 2,080,873	\$ 4,704,465
Clerk of the Circuit Court	184,820	370,230	555,050
Sheriff	928,259	1,392,388	2,320,647
Tax Collector	101,329	158,314	259,643
Property Appraiser	54,079	66,515	120,594
Supervisor of Elections	60,445	63,108	123,553
Totals	<u>\$ 3,952,524</u>	<u>\$ 4,131,428</u>	<u>\$ 8,083,952</u>

The total current and long-term portions of compensated absences are shown on the face of the government wide statement of net assets using the full accrual method of accounting.

NOTE 7 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

The Board is required to study, estimate, and certify to the U.S. Environmental Protection Agency through the Florida Department of Environmental Protection the estimated cost to close and to perform certain maintenance and monitoring functions at Baker Landfill and Wright Landfill for thirty years after closure and Niceville Landfill for twenty years after closure. One hundred percent of the landfill capacity has been used in the landfills and they have all been permanently closed.

The Board is required by state and federal laws and regulations to develop its estimates using rates normal to commercial contracting firms and is based on the amount of the landfill capacity used to date, 100%. The landfill closure and post closure costs are reevaluated each year. The estimate is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. The effect of this change in estimates has been reflected in the operations of the Solid Waste Enterprise Fund and has increased net income by \$274,371. The estimated liability for landfill closure and post closure care costs has a balance of \$4,323,654 as of September 30, 2015.

NOTE 8 – INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2015 is as follows:

Major Fund	Receivable from Other Funds	Payable to Other Funds
General Fund	\$ 1,406,885	\$ 97,407
Non-major Funds		
Special Revenue Funds	43,141	-
Internal Service Funds	57,679	1,400,000
Fiduciary Funds	-	10,298
	<u>\$ 1,507,705</u>	<u>\$ 1,507,705</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 8 – INTERFUND BALANCES AND ACTIVITY- CONTINUED

	Receivable from Other Elected Official	Payable to Other Elected Official
Major Fund		
General Fund	\$ 1,240,622	\$ 1,317,232
Tourist Development Special Revenue Fund	646	223
Capital Outlay Construction Trust Fund	120,288	-
Water and Sewer Enterprise Fund	-	37
Airport Enterprise Fund	-	280
Emergency Medical Services	-	75
Non-major Funds		
Special Revenue Funds	125,605	22,387
Enterprise Funds	-	118
Internal Service Funds	586	189
Fiduciary Funds	110	147,316
	<u>\$ 1,487,857</u>	<u>\$ 1,487,857</u>

Interfund receivables at the fund and elected official level result primarily from revenue accrued in certain funds that are transferred to other funds. Interfund receivables and payables at the fund level also include short term cash advances.

Interfund transfers and transfers among Constitutional Officers:

Transfer In	Transfer Out	Amount	Purpose
General	Nonmajor Governmental	\$ 1,164,927	State Revenue allocation
General	Nonmajor Governmental	28,000	Racing Money allocation
General	Internal Service	880,000	Insurance rebate
General	Capital Outlay	150,698	Telecommunications projects
General	Tourist Development	482,652	Funding lifeguards
General	Nonmajor Governmental	47,254	Defray costs for Domestic Violence
General	Nonmajor Governmental	565,001	Library Cooperative funding
General	Tourist Development	760,585	Beach cleaning costs
Capital Outlay	General	200,000	State Revenue allocation
Nonmajor Governmental	Nonmajor Governmental	1,458,496	Stormwater unincorporated tax
Nonmajor Governmental	Nonmajor Governmental	1,231,208	State Revenue allocation
Nonmajor Governmental	Nonmajor Governmental	400,000	Racing Money allocation
Nonmajor Governmental	Nonmajor Governmental	652,424	Debt Service
Nonmajor Governmental	Tourist Development	670,578	Projects funding
Nonmajor Governmental	Nonmajor Enterprise	204,058	Equipment funding
Nonmajor Enterprise	Tourist Development	4,270	Beach cleaning costs
Emergency Medical Services	Nonmajor Governmental	33,000	Racing Money allocation
Internal Service	Capital Outlay	400,000	Settlement funding
Nonmajor Governmental	General	250,000	Flood event funding
Nonmajor Governmental	Water and Sewer	19,614	Flood event funding
Nonmajor Governmental	Airport	97,769	Flood event funding
Tourist Development	General	137	Excess fees
Nonmajor Governmental	General	859	Excess fees
Total		<u>\$ 9,701,531</u>	

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 9 - LEASES

Operating Leases – Lessor

The Board of County Commissioners leases three county-owned parks and park buildings located on Okaloosa Island to outside parties. Capitalized investment in these assets is \$6,588,730. Accumulated depreciation of \$2,481,699 has been recorded as of September 30, 2015. All of the leases were for a 25-year period. However, two of the leases have been renegotiated and the period extended to thirty years. Three of the leases contain a 20% rent increase every five years. The first renegotiated lease contains a fixed rental through 2029. The second renegotiated lease contains a contingent rent fee of 15% of gross revenue if that amount is greater than the set rent amount. To date, the contingent rent option has not been needed. The remaining terms of the leases range from 1 to 15 years.

The Board of County Commissioners leases land and a building to a convenience store company. Capitalized investment in the building is \$132,488. Accumulated depreciation of \$54,651 has been recorded as of September 30, 2015. The lease was renegotiated to a five year lease with four five-year renewals beginning in 2008. The rent will increase at the beginning of each option period by the consumer price index. These option periods extend through 2032.

The Board of County Commissioners leases space in a building to six (6) lessees. Capitalized investment in the building is \$546,688. In 2014, new leases were negotiated for one (1) year with two (2) one year renewals through 2017. Rental fees total \$3,099 monthly.

The Board of County Commissioners has leased space on a water tower to a wireless communication company. The five year lease can be renewed for five five-year periods through 2038. Monthly rental fees begin at \$833 and increase at each renewal to an amount equal to one hundred two percent of the monthly rent in effect immediately prior. There is no capitalized investment related to this lease.

The Board of County Commissioners has entered into operating leases with various lessees and concessionaires for lease of space and facilities at the Okaloosa County Air Terminal, the Bob Sikes Airport and the Destin Airport. Lease periods vary with expiration dates through 2049. Capitalized investment in assets associated with these leases is \$44,985,525. Accumulated depreciation of \$9,580,987 has been recorded as of September 30, 2015.

The Board of County Commissioners leases land on Okaloosa Island to a company to operate a marine life center. The 10 year lease can be renewed for four (4) optional 10 year periods through 2062. Annual rental fees begin at \$75,000 with annual consumer price index increase.

The Board of County Commissioners leases land on Okaloosa Island to a company to operate a Wild Willy's Adventure Island. The 10 year lease can be renewed for four (2) optional 10 year periods through 2042. Annual rental fees begin at \$65,000 with annual consumer price index increase.

The Board of County Commissioners leases office space at the Fort Walton Beach Water and Sewer building. Capitalized investment in these assets is \$2,995,873. Accumulated depreciation of \$1,685,383 has been recorded as of September 30, 2015. The one year lease expires in June 2016 with optional three (3) one (1) year extensions. Rental fees total \$18,563 annually.

The Tax Collector leases 2,789 square feet of its Niceville building as office space to an outside party on a month to month basis. Terms of the lease includes base rent payable the first day of each month at \$14.50 per square foot or \$3,370. In addition to the base rent, operating costs estimated to be \$2,517 are to be paid monthly. The tenant is responsible for Florida Sales Tax of 6% of total rent and operating costs, or \$353 per month. Either party may terminate the lease by giving a six month prior written notice.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 9 – LEASES - CONTINUED

Operating Leases – Lessor - Continued

Total minimum future rentals for material operating leases in which the Board of County Commissioners is the lessor are as follows:

<u>Fiscal Year Ended September 30</u>	
2016	\$ 1,764,094
2017	1,728,163
2018	1,673,105
2019	1,607,483
2020	1,585,734
Thereafter	<u>11,736,675</u>
	<u>\$ 20,095,254</u>

Operating Leases – Lessee

1. The Board of County Commissioners leases the land on which the airport facilities are located from the United States Government under a thirty-year lease agreement expiring in February 2031. The lease was renegotiated in 2008 adding an additional 22.6 acres for the rental car facilities under a twenty-five year lease expiring in September 2032. The land lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option for renewal at the end of the current lease period. The future minimum lease payments total \$8,766,286 over the life time of the lease. Lease expense for fiscal year 2015 was \$391,100.
2. The Board of County Commissioners leases the land on which Water and Sewer's Water Reclamation Facility is located from the United States Government under a 30 year lease agreement expiring in September 2037. The lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option of renewal at the end of the current lease period. The future minimum lease payments total \$10,983,854 over the life time of the lease. Lease expense for fiscal year 2015 was \$373,323.
3. The Board of County Commissioners leased office space used by the Tax Collector and the Property Appraiser through September 30, 2015. The rent is based on \$33,147 per month plus a proportionate amount of any annual Consumer Price Index increase beginning in year three (3). The first of three (3) one year renewals was exercised in 2012. In 2014, the lease extended for one (1) year and expired September 30, 2015. Lease expenditure for fiscal year 2015 was \$629,719.
4. The Board of County Commissioners leases eight (8) Volvo G930 Motor Graders used by public works department for the Board through January 2017. The two three (3) year leases are based on monthly payments of \$5,326 with a balloon payment of \$595,868 in October 2016 and \$595,868 in January 2017. Future lease payments total \$154,454 for the remaining term of the lease. Lease expenditure for fiscal year 2015 was \$127,813.
5. The Board of County Commissioners leases 10 Airport fleet vehicles from Enterprise Leasing under a lease agreement which expired in December 2014. In August 2014, the leases were renegotiated to closed-end walkaway. The lease rates range from \$387 to \$619 per vehicle per month. Lease expenditure for fiscal year 2015 was \$50,017.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 9 – LEASES - CONTINUED

Operating Leases – Lessee - Continued

6. The Clerk leases copier equipment under a non-cancelable operating lease effective for 48 months. Monthly payments under the lease are \$4,414. Future minimum lease payments for the equipment lease total \$119,178 through December 2017. Lease expenditure for the fiscal year ended September 30, 2015 was \$52,968.
7. The Clerk completed the lease of postal equipment for the Crestview office under an operating lease effective for 60 months. Monthly payments under the lease were \$395. Future minimum lease payments for the equipment lease totals \$16,590 through December 2019. Total lease expenditure for fiscal year ended September 30, 2015 was \$4,740.
8. The Clerk of the Circuit Court terminated an existing lease early on January 30, 2015 for postal equipment for the Fort Walton Beach office that was set to expire in September 2015. Monthly payments under the lease were \$410. No future minimum lease payments for the equipment lease. Total lease expenditure for fiscal year ended September 30, 2015 was \$2,119.
9. The Clerk of Circuit Court entered a new lease January 30, 2015 for postal equipment for the Fort Walton Beach office under an operating lease effective for five years. Monthly payments under the lease are \$376. Future minimum lease payments for the equipment leases total \$19,176 through December 2019. Total lease expenditure for fiscal year ended September 30, 2015 was \$3,008.
10. The Tax Collector rents office space for a decentralized location to accommodate residents in a certain area of the County. The twenty-year lease expires in September 2025; however, the Tax Collector purchased a new building on John Sims Parkway and the existing lease on Highway 85 will terminate on December 31, 2015. As of October 1, 2015, the yearly rental is \$63,927. Total lease expenditure for fiscal year ended September 30, 2015 was \$256,799.

Total lease expenditure/expense for material operating leases in which the County is the lessee for fiscal year ended September 30, 2015 amounted to \$1,891,606. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ended September 30</u>	
2016	\$ 1,037,593
2017	892,173
2018	846,032
2019	851,165
2020	866,699
2021-2025	4,667,228
2026-2030	5,289,839
2031-2035	3,386,322
2036-2038	2,286,414
	<u>\$ 20,123,465</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 10 – LONG-TERM DEBT

Primary Government

The following debt issues are outstanding for September 30, 2015.

Governmental Activities:

REVENUE BONDS

\$26,615,000 Sales Tax Revenue Bonds, Series 2009, serial and term bonds with stated interest rates ranging from 3.0 percent to 6.375 percent compounded semi-annually through October 1, 2039; issued in denominations of \$5,000 maturity value due in annual installments of \$315,000 to \$1,495,000 from October 1, 2011 through October 1, 2039. Sales tax revenues along with any direct federal subsidy payments received with respect to the Taxable Series 2009B Bonds (Direct Payment Build America Bonds) are pledged for payment of the bonds. Proceeds of the bonds were used to finance the construction of a new judicial center complex in the County. This issue is subject to federal arbitrage regulations.

\$24,510,000

\$3,600,000 Capital improvement Revenue Bond, Series 2011, serial bonds with stated interest rate of 3.72 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$133,000 to \$259,000 from October 1, 2012 through October 1, 2030. General governmental revenues are pledged for the payment of the bonds. Proceeds of the bonds have been used to finance the purchase of the Newman C. Brackin Building to be used for office space. This issue is subject to federal arbitrage regulations.

3,186,000

\$22,165,000 Sales Tax Revenue Bonds, Series 2014, serial and term bonds with stated interest rates ranging from 3.0 percent to 5.0 percent compounded semi-annually through October 1, 2034; issued in dominations of \$5,000 maturity value due in annual installments of \$760,000 to \$1,720,000 from October 1, 2016 through October 1, 2034 and interest only payments October 1, 2015 - September 30, 2016. Sales tax revenues were pledged for payment of the bonds. Proceeds of the bonds will be used to finance the construction of Crestview courthouse, Administration building and refunding the Sales Tax Revenue Bond Anticipation Note, Series 2014. The issue is subject to federal arbitrage regulations.

22,165,000

Total Governmental Activities Revenue Bonds

\$ 49,861,000

LOANS AND NOTES

\$5,000,000 Private Bank Loan from Hancock Bank with fixed interest rate of 1.79 percent compounded semi-annually through October 1, 2020; principal due in annual installments of \$591,000 and \$664,000 from October 1, 2013 to October 1, 2020. The loan finances the County's portion of a joint beach renourishment project with the City of Destin and is payable from a special assessment levied for beach renourishment as well as Tourist Development taxes.

3,812,000

\$2,300,000 Private Bank Loan from Summit Bank with fixed rate of interest of 4.25% through February 25, 2025; principal and interest of \$17,372 due beginning March 26, 2015, with a final balloon payment of \$953,676 due at maturity. Collateral for loan is specific revenue within the Tax Collector's annual budget earmarked for loan repayment, until loan is paid in full. Proceeds used for the purchase of a building to serve customers in Niceville, Florida.

2,210,211

Total Governmental Activities Loans and Notes

\$ 6,022,211

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

Business-type Activities:

Airport

\$9,980,000 Taxable Airport Revenue Bonds, Series 2007, term bonds with stated interest rates ranging from 6.0 percent to 7.0 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$220,000 to \$830,000 from October 1, 2009 through October 1, 2030. Net revenue derived from the operation of the Airport System and the Customer Facility Charges imposed per rental car transaction day at the Northwest Florida Regional Airport are pledged for payment of the bonds. Proceeds from the bonds were used to finance a portion of the cost of the East Side Development Program. This issue is not subject to federal arbitrage regulations \$ 8,445,000

\$8,920,000 Taxable Airport Revenue Refunding Bonds, Series 2014, due in annual installments of \$360,000 to \$740,000 through October 1, 2028; interest rate of 3.15 percent per annum. Proceeds from the bond were used to refund Airport Revenue Bonds, Series 2003 and Commercial Paper Loan. 8,560,000

Water and Sewer

The following parity bonds are secured by a pledge of the net revenues from the operation of the water and sewer system.

\$67,595,000 Water and Sewer Revenue Bonds, Series 2015, due in annual installments of \$760,000 to \$3,940,000 through July 1, 2036; interest ranging from 2.00 percent to 3.75 percent per annum. Proceeds from the bond were used to refund Water and Sewer Revenue Bonds, Series 2004; Water and Sewer Revenue Bonds, Series 2006; and Water and Sewer Revenue Note, Series 2012, as well as constructing additions to the water and sewer system. This issue is subject to federal arbitrage regulations. 66,835,000

Total Business-type Revenue Bonds \$ 83,840,000

The following loans from the State of Florida were obtained for construction of extensions and improvements to the County sewer system. Water and Sewer revenue net of operating costs and debt service are pledged for repayment of these loans.

LOANS - STATE OF FLORIDA

\$1,949,795 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$74,622 at 3.28% and 2.63% beginning April 1, 1997 reducing to \$58,007 beginning April 1, 2001 through October 1, 2016. 168,879

\$1,768,312 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$59,870 at 2.63% and 2.99% beginning September 15, 1999 reducing to \$56,219 beginning September 15, 1999 through March 15, 2017. 164,170

\$351,895 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$23,204 at 3.18% beginning February 15, 2000 reducing to \$11,073 beginning February 15, 2001 through August 15, 2019. 82,568

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 10 – LONG-TERM DEBT – CONTINUED

Primary Government – Continued

Business-type Activities - Continued:

LOANS - STATE OF FLORIDA - CONTINUED

\$8,168,888 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$291,598 at 2.71% and 3.00% beginning June 15, 2007 reducing to \$263,938 beginning December 15, 2008 through December 15, 2023.	<u>5,166,917</u>
Total Loans - State of Florida	<u>5,582,534</u>

OTHER LOANS

\$819,000 State Infrastructure Bank Loan; annual principal and interest payments of \$132,500 beginning October 1, 2012 through October 1, 2018; The loan finances the purchase of property to provide direct highway access for the Bob Sikes Airport in Crestview; the debt service on the loan is payable from net revenues of the Airport.	485,719
\$3,000,000 State Infrastructure Bank Loan; annual principal and interest payments of \$351,692 beginning October 1, 2012 through October 1, 2021; The loan finances the construction of infrastructure improvements at the Bob Sikes Airport in Crestview; The debt service on the loan is payable from the net revenues of the Airport.	<u>1,944,179</u>
Total Buisness-type Loans and Notes	<u>\$ 8,012,432</u>

The following is a summary of the changes in long-term debt of the Board of County Commissioners for the fiscal year ended September 30, 2015.

	Balance Due October 1, 2014	Increases	Decreases	Balance Due September 30, 2015	Due Within One Year
Governmental Activities:					
Revenue Bonds					
Sales Tax Revenue Bonds,					
Series 2009	\$ 25,125,000	\$ -	\$ (615,000)	\$ 24,510,000	635,000
Series 2011	3,329,000	-	(143,000)	3,186,000	149,000
Series 2014	-	22,165,000	-	22,165,000	-
Less deferred amounts					
For issuance discounts/premiums	(163,341)	3,007,889	14,322	2,858,870	-
Total Revenue Bonds	<u>28,290,659</u>	<u>25,172,889</u>	<u>(743,678)</u>	<u>52,719,870</u>	<u>784,000</u>
Loans and Notes					
Private bank note	4,409,000	-	(597,000)	3,812,000	608,000
Private bank note, 2015	-	2,300,000	(89,789)	2,210,211	115,370
Sales Tax Bond Note, Series 2014	1,650,000	-	(1,650,000)	-	-
Total Notes	<u>6,059,000</u>	<u>2,300,000</u>	<u>(2,336,789)</u>	<u>6,022,211</u>	<u>723,370</u>
Accrued compensated absences	6,423,573	770,878	(897,124)	6,297,327	2,977,742
Estimated claims payable	4,655,247	30,898	(548,240)	4,137,905	1,751,429
Other post employment benefits	4,803,565	4,466,945	(4,221,798)	5,048,712	-
Net Pension Liability	-	38,488,921	-	38,488,921	-
Total Governmental Activities	<u>\$ 50,232,044</u>	<u>\$71,230,531</u>	<u>\$ (8,747,629)</u>	<u>\$112,714,946</u>	<u>\$ 6,236,541</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 10 – LONG-TERM DEBT – CONTINUED

Primary Government – Continued

	Balance Due October 1, 2014	Increases	Decreases	Balance Due September 30, 2015	Due Within One Year
Business-type Activities:					
Revenue Bonds					
Airport Taxable Revenue Bonds, Series 2007	\$ 8,740,000	\$ -	\$ (295,000)	\$ 8,445,000	\$ 315,000
Airport Taxable Revenue Bonds, Series 2014	8,920,000	-	(360,000)	8,560,000	500,000
Subordinated Revenue Bonds, Series 1985	32,703	-	(32,703)	-	-
Water and Sewer Revenue, Series 2004	4,995,000	-	(4,995,000)	-	-
Series 2006	60,875,000	-	(60,875,000)	-	-
Series 2015	-	67,595,000	(760,000)	66,835,000	1,750,000
Less deferred amounts		-			
For issuance discounts/premiums	881,520	9,566,778	(1,081,383)	9,366,915	-
Total Revenue Bonds	84,444,223	77,161,778	(68,399,086)	93,206,915	2,565,000
Loans and Notes					
State of Florida Revolving Loan Fund, October 10, 1995 through April 10, 2015	43,610	-	(43,610)	-	-
State of Florida Revolving Loan Fund, April 1, 2001 through October 1, 2016	277,306	-	(108,427)	168,879	111,737
State of Florida Revolving Loan Fund, September 15, 1999 through March 15, 2017	269,975	-	(105,805)	164,170	108,705
State of Florida Revolving Loan Fund, February 15, 2001 through August 15, 2019	101,633	-	(19,065)	82,568	19,676
State of Florida Revolving Loan Fund, beginning June 15, 2007 through December 15, 2023	5,543,574	-	(376,657)	5,166,917	387,177
State Infrastructure Bank Loan	600,045	-	(114,326)	485,719	485,719
State Infrastructure Bank Loan	2,221,086	-	(276,907)	1,944,179	1,944,179
Water and Sewer Revenue Note, Series 2012	15,315,000	-	(15,315,000)	-	-
Total Loans and Notes	24,372,229	-	(16,359,797)	8,012,432	3,057,193
Accrued compensated absences	1,769,139	175,729	(158,243)	1,786,625	974,782
Estimated closure costs payable	4,598,025	-	(274,371)	4,323,654	308,832
Other post employment benefits	313,502	134,231	(91,733)	356,000	-
Net Pension Liability	-	16,361,489	-	16,361,489	-
Total Business-type Activities	\$ 115,497,118	\$93,833,227	\$(85,283,230)	\$124,047,115	\$ 6,905,807

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$1,308,783 of internal service funds compensated absences, \$4,137,905 of estimated claims, \$4,173,966 of other post-employment benefits, and \$1,182,757 of net pension liability are included in the above amounts.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 10 – LONG-TERM DEBT – CONTINUED

Primary Government – Continued

Compensated absences and other post-employment benefits are liquidated in the general and other governmental funds. Claims liabilities are liquidated in the internal service fund.

Debt service requirements to maturity on long-term debt at September 30, 2015 are as follows.

Year Ending September 30,	Governmental Activities			
	Revenue Bonds		Loans and Notes	
	Principal	Interest	Principal	Interest
2016	784,000	2,461,708	723,370	155,891
2017	1,569,000	2,497,499	738,708	139,581
2018	1,615,000	2,435,472	755,013	123,115
2019	1,671,000	2,366,022	772,551	106,209
2020	1,732,000	2,293,319	789,127	89,062
2021-2025	9,755,000	10,125,492	2,243,442	234,588
2026-2030	12,021,000	7,385,650	-	-
2031-2035	13,809,000	3,954,244	-	-
2036-2040	6,905,000	1,136,185	-	-
	<u>\$ 49,861,000</u>	<u>\$ 34,655,591</u>	<u>\$ 6,022,211</u>	<u>\$ 848,446</u>

Year Ending September 30,	Business-type Activities					
	Revenue Bonds		Loans and Notes		Landfill Closure Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	2,565,000	3,985,878	3,057,213	465,022	308,832	-
2017	3,545,000	3,914,503	530,905	133,345	308,832	-
2018	3,665,000	3,795,413	430,066	119,956	308,832	-
2019	3,820,000	3,643,880	442,166	107,857	308,832	-
2020	3,995,000	3,456,712	432,285	95,591	308,832	-
2021-2025	23,145,000	14,083,565	2,349,483	289,897	1,544,160	-
2026-2030	21,270,000	8,185,471	770,334	21,478	1,235,334	-
2031-2035	17,895,000	3,381,500	-	-	-	-
2036-2038	3,940,000	147,750	-	-	-	-
	<u>\$ 83,840,000</u>	<u>\$ 44,594,672</u>	<u>\$ 8,012,452</u>	<u>\$ 1,233,146</u>	<u>\$ 4,323,654</u>	<u>\$ -</u>

NOTE 11 - CONDUIT DEBT

Since 1984, the Okaloosa County has authorized eight industrial development revenue bond issues that are still outstanding. The original issues totaled \$55,814,025 and as of September 30, 2015, \$28,339,025 was the principal liability. These bonds do not constitute an indebtedness of the County and are not a charge against its general credit or taxing powers. The bonds are payable solely from revenues of the respective industries to which these bond proceeds were remitted.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 12 - FUND BALANCES/RESTRICTED BALANCE

A schedule of the governmental fund balances for September 30, 2015 is provided below.

	Major Funds		Capital Outlay	Other	Total
	General Fund	Tourist Development			
Fund Balances:					
Nonspendable:					
Prepays	\$ 380,834	\$ 33,072	\$ -	\$ 30,642	\$ 444,548
Restricted for:					
Tourist Development BP Projects	-	134,260	-	-	134,260
Tourist Development 1st Cent	-	14,366,018	-	-	14,366,018
Tourist Development 2nd Cent	-	1,692,341	-	-	1,692,341
Tourist Development 3rd Cent	-	3,330,210	-	-	3,330,210
Tourist Development 4th Cent	-	9,923,266	-	-	9,923,266
Tourist Development 5th Cent	-	3,973,357	-	-	3,973,357
Florida Boating Improvements	-	-	553,186	-	553,186
Capital Projects	-	-	12,942,971	-	12,942,971
Emergency and Disaster Relief	-	-	-	567,996	567,996
Housing and Urban Development	-	-	-	312,267	312,267
E-911 Operations	-	-	-	1,403,327	1,403,327
Radio Communications	-	-	-	162,636	162,636
Law Enforcement Trust Fund	-	-	-	38,890	38,890
Police Academy	-	-	-	37,342	37,342
Park Projects	-	-	-	4,110,255	4,110,255
Prisoner Benefit Fund	-	-	-	680,341	680,341
Judicial Innovations	-	-	-	444,360	444,360
Law Library	-	-	-	15,645	15,645
Teen Court	-	-	-	85,980	85,980
Drug Abuse Trust Fund	-	-	-	54,746	54,746
Domestic Violence Trust Fund	-	-	-	6,316	6,316
Family Mediation	-	-	-	5,255	5,255
Traffic Education	-	-	-	154,646	154,646
Public Records	-	-	-	1,544,274	1,544,274
Debt Service	-	-	-	1,039,536	1,039,536
Transportation Projects	-	-	-	11,783,064	11,783,064
Committed to:					
Planning Projects	32,811	-	-	-	32,811
Park Development Projects	-	-	55,299	-	55,299
Municipal Benefits Service Units	-	-	-	500,846	500,846
Assigned to:					
FY 2016 Budget Appropriations	4,269,298	-	-	-	4,269,298
Transportation Projects	-	-	-	2,666,981	2,666,981
Emergency and Disaster Relief	-	-	-	570,056	570,056
Health Department	-	-	-	1,011	1,011
Unassigned:					
Unassigned	5,309,928	(33,072)	-	(30,642)	5,246,214
Total Fund Balances	<u>\$ 9,992,871</u>	<u>\$ 33,419,452</u>	<u>\$ 13,551,456</u>	<u>\$ 26,185,770</u>	<u>\$ 83,149,549</u>

The proprietary fund balance sheet contains the line item "Net Assets Restricted for Other Purposes". Following is a list of the detail balances contained in that line item for September 30, 2015.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 12 - FUND BALANCES/RESTRICTED BALANCE - CONTINUED

Fund	Amount	Purpose
Airport Enterprise Fund	\$ 7,730,325	Passenger Facility Charges Program
Airport Enterprise Fund	3,238,355	Customer Facility Charges Program
Total Net Assets Restricted for Other Purposes	<u>\$ 10,968,680</u>	

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE - RESTATEMENT OF NET POSITION

The GASB issued Statement No. 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27*, effective for reporting periods beginning after June 15, 2014. This Statement enhances the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The impact of the County’s adoption of GASB 68 in 2015 requires the County to restate the beginning net position in the business-type activities statement of activities and the proprietary funds and internal service funds statement of revenues, expenses, and changes in net position in the amount of the deferred charges related to the cost sharing multiple-employer retirement plan administered by the State of Florida Division of Retirement. The County’s beginning net position was decreased \$59,158,974, restated to \$399,038,407, and resulted in the addition of the proportionate share of the unfunded liability.

The impact on the balance of net position at the beginning of the period is as follows:

	Governmental Activities		Business-Type Activities			
	Government Activities	Internal Service Funds	Water & Sewer Fund	Airport Fund	Emergency Medical Services Fund	Other Enterprise Funds
Net positions, as previously stated	\$ 198,544,002	\$ (1,490,054)	\$ 129,673,545	\$ 129,022,279	\$ 5,842,756	\$ (1,905,093)
Restatement	(40,236,607)	(1,275,665)	(6,590,937)	(2,763,941)	(6,909,853)	(1,381,971)
Net positions (Deficit), restated	<u>\$ 158,307,395</u>	<u>\$ (2,765,719)</u>	<u>\$ 123,082,608</u>	<u>\$ 126,258,338</u>	<u>\$ (1,067,097)</u>	<u>\$ (3,287,064)</u>

NOTE 14 - EXTINGUISHMENT AND ADVANCE REFUNDING OF DEBT

On May 21, 2015, the Board issued Water and Sewer Revenue Refunding Bonds, Series 2015 in a total principal amount of \$67,595,000 for the purpose of refunding the outstanding Water and Sewer Revenue Bonds, Series 2004; Water and Sewer Revenue Bonds, Series 2006; and Water and Sewer Revenue Note, Series 2012, as well as constructing additions to the water and sewer system. The difference between the acquisition price and the carrying value of the 2004 and 2006 Bonds and 2012 Note resulted in a refunding premium of \$9,566,778, which will be amortized over the life of the 2015 Bond. The refunding resulted in an economic gain of \$17,680,809 and cash flow savings of \$8,464,578. Principal and interest payments on the note are due semi-annually with principal due in increasing amounts and an interest rate ranging from 2.00 percent to of 3.75 percent. The note is secured by the assets of the Board and by future revenues.

NOTE 15 - DEFERRED OUTFLOWS OF RESOURCES

The County defers losses resulting from the refunding of debt issues and amortizes the losses over the lesser of the remaining life of the refunded debt or the life of the new debt. Unamortized deferred losses on debt refundings are presented as deferred outflows of resources within the Statement of Net Position. As of September 30, 2015, the unamortized deferred outflow on refunding totaled \$3,272,202, consisting of unamortized losses associated with the 2015 advanced refunding. Amortization expense of the deferred outflow totaled \$100,417 for the year ended September 30, 2015, and is included in interest expense on the Statements of Revenues, Expenses and Changes in Net Position.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 16 – ENCUMBRANCES

The amount of encumbrances outstanding as of September 30, 2015, is as follows:

	Amount
Governmental Funds	
General Fund	\$ 101,664
Tourist Development	62,742
Capital Outlay	103,791
Other Governmental	766,222
Total	\$ 1,034,419

Encumbrances at year end do not constitute expenditures or liabilities; therefore, they are not reflected in the financial statements.

NOTE 17 - PENSION PLAN

Florida Retirement System

Plan Description

Okaloosa County contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement, Department of Management Services. The FRS provides retirement, disability or death benefits to plan members or their designated beneficiaries. Florida Statutes Chapter 121 provides the authority under which benefit provisions are established. The provisions may only be amended by legislative action.

Beginning in 2002, a defined contribution plan alternative to the existing defined benefit plan known as the Public Employee Optional Retirement Program or the FRS Investment Plan became available to FRS members. Members in either plan who have reached normal retirement age may retire and continue employment with the County for up to 60 months. During that period the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earned interest at an annual rate of 6.5%. The FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the State of Florida Department of Management Services website at www.dms.myflorida.com.

FRS Plan Changes

Effective July 1, 2011, the Florida Legislature now requires all FRS Investment and Pension Plan members (except those in Deferred Retirement Option Program, DROP) to now pay a 3% employee contribution, on a pretax basis, beginning on or after July 1, 2011. Cost of living adjustments (COLA) on or after July 1, 2011 are not automatic at 3%, but based on total years of service earned prior to July 1, 2011 to total years of service at retirement, multiplied by 3%.

New members enrolling into FRS for the first time after July 1, 2011 will be subject to additional changes including 1) an increased vesting period from 6 years to 8 years, 2) a change in calculation of benefits using Average Final Compensation (AFC) on the highest eight years of compensation as compared to highest five years. In addition, the normal retirement date for Regular, Senior Management Service, Elected Officers', and Special Risk Administrative Support Classes was modified to be age 65, with 8 years of service or 33 years of service regardless of age. Normal retirement for Special Risk Class members now at age 60, with 8 years of service, or 30 years of special risk class service or age 57, with 30 years of combined special risk class service and military service. For those members participating in the DROP program, the Legislature

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 17 - PENSION PLAN

Florida Retirement System - Continued

FRS Plan Changes - Continued

reduced the annual interest rate used for benefits from 6.5% to 1.3%. The funding policy relative to the FRS plan is disclosed below.

Funding Policy

Contribution requirements of the plan are established in Florida Statutes Chapter 121 and may only be amended by legislative action. Effective July 1, 2011, the Florida Legislature passed Senate Bill 2100 requiring all employee members to contribute 3% to the Plan. Formerly, only employers were required to contribute to the FRS Plan. The FRS funding policy now provides for monthly employer and employee contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability re-emerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

In July 2002, the Florida Legislature established a uniform contribution rate system for the FRS, which remained in effect with the passage of Senate Bill 2100. The uniform contribution system covers both the FRS Pension Plan and the FRS Investment Plan. Employers and employees contribute a percentage of the total payroll for each class of FRS membership.

For fiscal year 2015, the current actuarially determined total employer contribution rates expressed as a percentage of covered payrolls are for regular employees 7.26%, special risk employees 22.04%, special risk administrative support 32.95%, elected judges 35.71%, elected county officers 42.27 %, senior management service class 21.43%, and 12.88 % for the Deferred Retirement Option Program (DROP). The County's contributions to the plan for the years ended September 30, 2015, 2014, and 2013, listed below were equal to the required contributions for the year.

<u>Elected Officials</u>	Years Ended September 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Board of County Commissioners	\$ 3,197,438	\$ 2,902,132	\$ 1,822,895
Clerk of the Circuit Court	497,539	417,001	273,034
Sheriff	3,027,245	2,755,244	2,153,332
Tax Collector	452,326	417,820	291,150
Property Appraiser	184,293	195,186	113,642
Supervisor of Elections	93,123	83,377	52,022
Total Contributions	<u>\$ 7,451,964</u>	<u>\$ 6,770,760</u>	<u>\$ 4,706,075</u>

Effective July 1, 2013, the Florida Legislature passed Senate Bill 1810 that sets the employer-paid contribution rates for both FRS and HIS system. The employer-paid contribution rate to pay the normal costs and amortization of the unfunded actuarial liability of the FRS increased. The established rates are based on the rates recommended in the "Blended Rate Study" associated with the 2012 Actuarial Valuation of the FRS. The "Blended Rate Study" covers a thirty-year period, with rates adjusted annually. The contributions will be deposited into the FRS Trust Fund to fund retirement benefits to members participating in the FRS.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 17 - PENSION PLAN - CONTINUED

Florida Retirement System - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County reported a liability of \$34,835,695 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the County's proportionate share was 0.2697 percent, which was an increase (decrease) of 0.0022 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the County recognized pension expense of \$2,247,088. In addition the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 3,677,618	\$ 826,197
Change of Assumptions	2,312,162	-
Net different between projected and actual earnings of Pension Plan investments	-	8,318,181
Changes in proportion and differences between County Pension Plan contributions and proportionate share of contributions	1,463,486	2,456,211
County Pension Plan contributions subsequent to measurement date	1,587,892	-
	\$ 9,041,158	\$ 11,600,589

The deferred outflows of resources related to the Pension Plan, totaling \$1,587,894 resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	
2016	\$ (2,755,772)
2017	(2,755,772)
2018	(2,755,772)
2019	4,106,988
2020	797,562
Thereafter	208,168
	\$ (3,154,598)

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 17 - PENSION PLAN - CONTINUED

Florida Retirement System - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-term bonds	18.00%	4.18%	4.05%	5.15%
High yield bonds	3.00%	6.79%	6.25%	10.95%
Broad US equities	26.50%	8.51%	6.95%	18.90%
Developed foreign entities	21.20%	8.66%	6.85%	20.40%
Emerging market equities	5.30%	11.58%	7.60%	31.15%
Private equity	6.00%	11.80%	8.11%	30.00%
Hedge funds/absolute return	7.00%	5.81%	5.35%	10.00%
Real estate (propert)	12.00%	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed inflation - mean		2.60%		2.00%

(1) As outlined in the Pension Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 17 - PENSION PLAN - CONTINUED

Florida Retirement System - Continued

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
County's proportionate share of the net pension liability	\$90,267,164	\$34,835,695	(\$11,292,392)

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2015, the County reported a payable in the amount of \$1,587,892 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

Health Insurance Subsidy

Plan Description

Okaloosa County contributes to the Florida Retirement System Health Insurance Subsidy (FRSHIS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement, Department of Management Services. Florida Statutes provides the authority under which benefit provisions are established. The provisions may only be amended by legislative action. The FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the State of Florida Department of Management Services website at www.dms.myflorida.com.

The FRS provides assistance to retirees of all state-administered retirement systems in paying health insurance costs. Eligible retirees received an extra \$5 per month for each year of creditable service completed at the time of retirement with a minimum monthly payment of \$30 and a maximum payment of \$150. To be eligible to receive the Health Insurance Subsidy (HIS), a retiree under any state-administered retirement must provide proof of health insurance coverage, which can include Medicare. Any spouse or financial dependent who receives a monthly retirement benefit may also receive the HIS.

Funding Policy

The HIS program is funded by required contributions from FRS participating employers. According to the FRS actuarial valuation of HIS completed July 1, 2012, the unfunded actuarial liability of the HIS program was \$8.8 billion. The actuarial required contributions for the fiscal years ended September 30, 2014 2013 and 2012 were 1.26%, 1.20%, and 1.11% of active payroll. This contribution is added to the amount submitted for retirement contributions but is deposited in a separate trust fund (The Retiree Health Insurance Subsidy Trust Fund) from which Health Insurance Subsidy payments are authorized. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled. The County's contributions to the plan for the years ended September 30, 2014, 2013, and 2012 were equal to the required contributions for each year.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 17 - PENSION PLAN - CONTINUED

Health Insurance Subsidy - Continued

Funding Policy - Continued

The County's contributions to the HIS Plan totaled \$174,114 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County reported a liability of \$20,014,715 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the County's proportionate share was 0.19625 percent, which was an increase (decrease) of 0.00100 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the County recognized pension expense of \$1,512,867. In addition the County reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ -	\$ -
Change of Assumptions	1,574,636	-
Net different between projected and actual earnings of Pension Plan investments	-	(10,835)
Changes in proportion and differences between County Pension Plan contributions and proportionate share of contributions	221,986	96,382
County Pension Plan contributions subsequent to measurement date	234,256	-
	\$ 2,030,878	\$ 85,547

The deferred outflows of resources related to the HIS Plan, totaling \$234,256 resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ 274,219
2017	274,219
2018	274,219
2019	272,017
2020	270,960
Thereafter	219,837
	\$ 1,585,471

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 17 - PENSION PLAN - CONTINUED

Health Insurance Subsidy - Continued

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	0.00%, average, including inflation
Investment rate of return	4.29%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 4.29%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 4.29%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.29%) or one percentage point higher (5.29%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
County's proportionate share of the net pension liability	\$22,805,836	\$20,014,715	\$17,687,339

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2015, the County reported a payable in the amount of \$234,257 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

NOTE 18 - POSTEMPLOYMENT BENEFITS

Board of County Commissioners

Plan Description

In addition to providing the pension benefits described, the Board of County Commissioners and all other elected officials except for the Sheriff (County) provides post-employment health care and dental insurance

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 18 - POSTEMPLOYMENT BENEFITS - CONTINUED

Board of County Commissioners - Continued

Plan Description - Continued

benefits (OPEB) for eligible retired employees and their spouses through a single-employer defined benefit plan administered by Blue Cross Blue Shield of Florida (BCBSFL). Pursuant to the provision of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Benefits, benefit levels, employee contributions and employer contributions are governed and amended through its personnel manual by the County's Self Insurance Fund with approval by the Board. The plan does not issue a separate report.

Benefits Provided

The County provides post-employment health care and dental benefits to its retirees. To be eligible for benefits an employee must retire under the County's retirement plan and must have been covered under the medical plan as an active employee immediately prior to retirement. Elected officials are not eligible for benefits if they qualify for retirement.

All health care benefits are provided through the County's health care provider, BCBSFL. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the County's plan becomes secondary.

Membership

At September 30, 2015, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	33
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	702
Total	735
Participating Employers	1

Funding Policy

The County contracted Insurance Broker negotiates the premium rates with BCBSFL. The County has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Rather, the required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs which for fiscal year 2015 was \$375,899. The County contributes the remainder to cover the costs of providing the benefits to the retirees via the insured plan. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The County annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC) amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years. The following shows the components of the County's net OPEB obligation:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 18 - POSTEMPLOYMENT BENEFITS - CONTINUED

Board of County Commissioners - Continued

Annual OPEB Costs and Net OPEB Obligation - Continued

Annual Required Contribution	\$ 469,805
Interest on Prior Year Net OPEB Obligation	44,429
Adjustment to Annual Required Contribution	(64,233)
Annual OPEB Costs	450,001
Estimated Employer Contributions made	(307,523)
Increase (Decrease) in Net OPEB Obligation	142,478
Net OPEB Obligation , Beginning of Year	1,110,717
Estimated Net OPEB Obligation, End of Year	\$ 1,253,195

The County had an actuarial valuation performed for the plan as of September 30, 2015 to determine the employer's ARC for the fiscal year ended September 30, 2015. The County's annual OPEB cost (expense) of \$450,001 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of October 31, 2007. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2013	\$ 359,434	80.90%	\$ 947,621	\$ 31,108,775	12.20%
9/30/2014	\$ 439,677	62.90%	\$1,110,717	\$ 31,812,521	14.21%
9/30/2015	\$ 450,001	68.30%	\$1,253,195	\$ 31,944,218	14.45%

Funded Status and Funding Progress

As of September 30, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$4,615,780 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,615,780. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the government-wide financial statements of Okaloosa County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 18 - POSTEMPLOYMENT BENEFITS - CONTINUED

Board of County Commissioners - Continued

Actuarial methods and Assumptions - Continued

In the September 30, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5.7% initially, increased by increments to an ultimate rate of 6.4% in 2024. The assumed inflation rate is 2.5% compounded annually. The Unfunded Actuarial Liability (UAAL) is being amortized using an open amortization period of 30 level annual payments. The remaining amortization period at September 30, 2015, was 22 years.

Sheriff

Background

Certain Other Post-Employment Benefits (OPEB) are available to all employees eligible for disability, early or normal retirement after terminating employment with Okaloosa County Sheriff's Office (OCSO). The OPEB benefits include lifetime coverage for the retiree and dependents in the medical/prescription plans as well as participation in the dental group plan sponsored by the Sheriff's Office for employees. Beginning in fiscal year 2008, the Sheriff implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for the OPEB offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the Sheriff's retiree health benefit subsidy. Historically, the Sheriff's subsidy was funded on a pay-as-you-go basis but GASB 45 requires the Sheriff to accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Sheriff.

Plan Description

The OCSO administers a single-employer defined benefit healthcare plan ("the Plan"). The Plan provides healthcare insurance for eligible retirees and their spouses through the Sheriff's group health insurance plan, which covers both active and retired members. Employer contribution rates for retirees vary based on the type of retirement, years of service, and type of coverage. The Plan does not issue a publicly available financial report but OPEB expenses are reflected in the Sheriff's internal service fund within the County's Comprehensive Annual Financial Report (CAFR).

Benefits Provided

Eligible retirees may choose among the same medical plan options available for active employees of the employer. Dependents of retirees may be covered, at the retiree's option, the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the medical plan options. Covered retirees and their dependents are subject to all the same medical and prescription benefits and rules for coverage as are active employees. Retirees and their dependents are eligible to participate in the employer-sponsored dental plans. Retirees may elect any combination of plans (i.e. only dental, medical/prescription, etc.). Retirees and their dependents that are over age 65 must enroll for Parts A and B under Medicare in order to remain covered under the program. All post-65 medical coverage is secondary to Medicare.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 18 – POST EMPLOYMENT BENEFITS – CONTINUED

Sheriff – Continued

Membership

At September 30, 2015, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	43
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	352
Total	395
Participating Employers	1

Funding Policy

Retirees and beneficiaries currently receiving medical/prescription benefits are required to make monthly premium contributions in order to maintain their coverage. The single retiree premium is paid by the OCSO for retirees with at least 20 years of service, until the retiree reaches age 65. Effective October 1, 2010 that benefit is no longer available except to retirees that met the criteria as of September 30, 2010. Effective June 2011 the OCSO instituted a policy whereby retiring members with thirty years of service with the agency will receive a 50% premium subsidy on their retired employee coverage. This subsidy is limited to five years from their retirement date or until they reach age 65, whichever comes first. Dependent coverage is paid by the retiree. The amount of the premium contribution may change from time to time. Surviving spouses of retirees are eligible to continue coverage under the plan, but must continue to pay the full premium. However, the premiums for health coverage for surviving spouses and any dependent children of officers who had sustained catastrophic injuries or death in the line of duty are paid fully by the OCSO as prescribed by FS Sec 112.19(g) and 112.19(h)1.

Annual OPEB Costs and Net OPEB Obligation

The Sheriff’s annual OPEB cost (expense) is the actuarially required contribution (ARC) of the employer determined in accordance with the provisions of GASB Statement 45. The ARC represents a level of funding that, if paid on an on going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 25 years. The following shows the components of the Sheriff’s net OPEB obligation as of September 30, 2015:

Annual Required Contribution	\$ 384,567
Interest on Prior Year Net OPEB Obligation	160,254
Adjustment to Annual Required Contribution	(166,931)
Annual OPEB Costs	377,890
Estimated Employer Contributions made	(236,031)
Increase (Decrease) in Net OPEB Obligation	141,859
Net OPEB Obligation , Beginning of Year	4,006,350
Estimated Net OPEB Obligation, End of Year	\$ 4,148,209

The Sheriff’s annual OPEB cost (expense) was \$377,890 for the year ended September 30, 2015. The Sheriff’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 and the prior two (2) years were as follows:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 18 – POST EMPLOYMENT BENEFITS – CONTINUED

Sheriff – Continued

Annual OPEB Costs and Net OPEB Obligation - Continued

Fiscal Year Ended	Annual OPEB Costs	Estimated Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2013	\$379,727	\$136,371	35.91%	\$3,827,827	\$16,531,416	23.20%
9/30/2014	\$356,813	\$178,290	49.96%	\$4,006,350	\$17,466,290	22.94%
9/30/2015	\$377,890	\$236,031	62.46%	\$4,148,209	\$17,466,290	23.75%

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability of benefits of \$3,400,380 was unfunded. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the government-wide financial statements of Okaloosa County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.3% initially, reduced by decrements to reach 5% in 2018 and increase to the ultimate level of 5.5% in 2023. The Unfunded Actuarial Liability (UAAL) is being amortized assuming 30 level annual payments. The remaining amortization period at September 30, 2015, was 23 years.

NOTE 19 - RISK MANAGEMENT

The County is exposed to risk of loss for claims and judgments for public liability, workers' compensation, employee medical benefits and other special risks. The County uses the Self Insurance Internal Services Fund to account for all risks from workers' compensation loss, general liability, and medical benefit claims for all County employees except those of the Sheriff, from catastrophic damage to real and tangible property and from special risk policies for the Board. A mixture of commercial insurance coverage and self-insurance, which is described below, manages the risk to the County. There has been no significant reduction in insurance coverage from the prior fiscal year, and insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 19 - RISK MANAGEMENT

A. Method of Risk Management

Public Liability

Florida Statutes 768.28(5) limits the maximum County liability for claims and judgments by any one person and any one incident to \$200,000 and \$300,000, respectively. The County self-insures public liability claims for automobile, general and professional liability. A third party administrator manages claims. Currently, the County retains the risk for the first \$50,000 for automobile liability, and \$100,000 for general and professional liability for each claim or incident. A third party administrator manages the claims.

The Sheriff maintains a commercial insurance policy for public liability and bears no risk of loss under this type of coverage.

Property Insurance

The County self-insures the risk of physical loss to its real property, business property and equipment. The County retains the risk of the first \$50,000 of physical damage to County property. In the case of a named storm, the self-insurance retention changes to a 5% deductible on each structure with a minimum deductible of \$100,000 on all damaged structures for a capped deductible of \$5,000,000 per storm. Effective October 2015, the County insures vehicles valued at \$25,000 and above and retains the risk for the first \$10,000 of physical damage.

Workers' Compensation

The County contracts with a Third Party Administrator to have its workers' compensation claims processed. The County retains risk for all claims up to \$500,000 per incident. Excess insurance is purchased to cover losses up to a statutory limit for workers' compensation and \$1,000,000 for employers' liability.

The Sheriff participates in the Florida Sheriff's Association Workers' Compensation Program. It is a fully insured, guaranteed cost program with a deductible trust fund and insurance with a commercial carrier. The Sheriff retains no risk.

Employee Medical Benefits

The Board of County Commissioners and all other elected officials of Okaloosa County, except the Sheriff, use a fully insured commercial insurance plan to fund employee medical benefits. The Board of County Commissioners or elected official pays the premiums for the employees while the individual pays for dependent and retiree coverage. The County bears no risk of loss under this type of coverage.

The Sheriff utilizes a self-funded health plan to provide comprehensive medical benefits to the employees, retirees and their dependents. It is funded by contributions from the Sheriff's Office and employees. In compliance with Florida Statute, Section 112.08, an actuarial review of the Plan demonstrates that the current rate structure of the Plan plus the current net assets available for benefits appears adequate to support current outstanding claims as well as those projected claims and expenses for the next plan year.

Excess insurance is purchased from a commercial carrier to provide a specific claim and aggregate limits coverage. Specific claim coverage benefits the covered individual by providing unlimited coverage to begin when a specific claim exceeds \$105,000 plus an

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 19 - RISK MANAGEMENT - CONTINUED

A. Method of Risk Management

Employee Medical Benefits - Continued

additional corridor of \$275,000. Aggregate limits coverage limits the Sheriff's total risk exposure. This coverage provides the Sheriff with an additional \$1,000,000 in coverage for the coverage year when total claims paid less the total paid under the specific claim excess coverage exceeds 125% of the expected claims for the current plan year.

The Sheriff uses an internal service fund to account for risks from medical benefit claims. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At September 30, 2015, the amount of these liabilities was \$587,412. This liability has been determined based on an actuarial evaluation of all claims reported and all claims incurred but not reported (IBNR) as of September 30, 2015. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

Reconciliation of Claims Liabilities for Medical Benefits Okaloosa County Sheriff	As of <u>September 30, 2015</u>	As of <u>September 30, 2014</u>
Unpaid claims and adjustment expenses at beginning of year	\$ 735,652	\$ 658,809
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	4,333,541	3,760,318
B) Increases (decreases) in provision for insured events of prior fiscal years	-	-
Total incurred claims and claim adjustment expenses	<u>5,069,193</u>	<u>4,419,127</u>
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	4,481,781	3,683,475
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	-	-
Total payments	<u>4,481,781</u>	<u>3,683,475</u>
Unpaid claims and claim adjustment at end of year	<u>\$ 587,412</u>	<u>\$ 735,652</u>

Special Risk Policies

The Board of County Commissioners purchases commercial crime coverage against theft of money and securities with a \$25,000 deductible. All of the other elected officials, except the Sheriff, are covered under the policy. Florida Statute requires certain classes of employees (law enforcement) be provided with a special death and disability benefit. The Board of

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 19 - RISK MANAGEMENT - CONTINUED

A. Method of Risk Management

Special Risk Policies - Continued

County Commissioners purchases a commercial policy. The County bears no risk of loss under this type of coverage. The Sheriff insures this exposure separately.

B. Claim Liabilities for Retained Risk

Claim liabilities for workers' compensation, general liabilities (including errors and omissions), and auto liability (both bodily injury and property damage) have been determined based on an actuarial evaluation of all claims reported and all claims incurred but not reported (IBNR) as of September 30, 2015. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The actuarial estimation of ultimate losses does not include any future recoveries from the Florida Special Disability Fund, subrogation or third party liens, etc. except to the degree they are implicitly included in the trending process of estimating ultimate losses. The ultimate loss calculation does take into consideration specific excess reinsurance recoverable. Claims liabilities recognized in the Self Insurance Fund of the Board of County Commissioners at September 30, 2015 were as follows:

	Current	Long-term	Total
Workers' compensation	\$ 686,192	\$ 2,202,526	\$ 2,888,718
General liability	477,825	183,950	661,775
Total claims liability recognized	\$ 1,164,017	\$ 2,386,476	\$ 3,550,493

C. Funding of Claims Liabilities

The Self Insurance Fund charges the other funds of the Board and other participating elected officials for the cost of claim liabilities based on actuarially projected budget requirements for expected yearly cash payouts. This funding method results in a deficit fund balance that will be charged back to the other funds over a reasonable period of time so that service fund revenues and expenses will be approximately equal.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 19 - RISK MANAGEMENT - CONTINUED

D. Reconciliation of Claims Liabilities

	As of September 30, 2015				As of September 30, 2014			
	Workers' Compensation	Liability	Property	Total	Workers' Compensation	Liability	Property	Total
Unpaid claims and adjustment expenses at beginning of year	\$ 2,533,499	\$ 1,319,871	\$ 66,225	\$ 3,919,595	\$ 2,548,230	\$ 1,905,597	\$ 41,176	\$ 4,495,003
Incurred claims and claim adjustment expenses								
A) Provision for insured events of current fiscal year	1,007,972	164,356	117,209	1,289,537	970,000	120,000	30,000	1,120,000
B) Increases (decreases) in provision for insured events of prior fiscal years	366,986	251,892	89,948	708,826	167,744	203,033	14,402	385,179
Total incurred claims and claim adjustment expenses	<u>1,374,958</u>	<u>416,248</u>	<u>207,157</u>	<u>1,998,363</u>	<u>1,137,744</u>	<u>323,033</u>	<u>44,402</u>	<u>1,505,179</u>
Payments								
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	321,539	12,049	27,261	360,849	284,608	611,083	-	895,691
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	698,200	1,062,295	246,121	2,006,616	867,867	297,676	19,353	1,184,896
Total payments	<u>1,019,739</u>	<u>1,074,344</u>	<u>273,382</u>	<u>2,367,465</u>	<u>1,152,475</u>	<u>908,759</u>	<u>19,353</u>	<u>2,080,587</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 2,888,718</u>	<u>\$ 661,775</u>	<u>\$ -</u>	<u>\$ 3,550,493</u>	<u>\$ 2,533,499</u>	<u>\$ 1,319,871</u>	<u>\$ 66,225</u>	<u>\$ 3,919,595</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Wastewater Service Interlocal Agreement with Fort Walton Beach

In 2009, the Board adopted the Wastewater Service Interlocal Agreement with the City of Fort Walton Beach (Agreement). The Agreement outlines a long-term association for the treatment of the City’s influent wastewater flow at a set percentage of the County’s base sewer rate plus a locked-in annual rate escalator. The agreement provides other ancillary benefits to the City such as the provision of “no cost” tertiary treated effluent for use as irrigation water at the City’s 36-hole municipal Golf Club. The Agreement is effective for 30 years and can be automatically extended for up to two additional terms for a period of ten years for each extension term.

The City will be billed monthly at a rate equal to \$2.46 per each 1,000 gallons of wastewater flow. Additionally, the City will pay to the County the Sewer Readiness to Serve Fee, which is equal to \$3,750 per month. Beginning March 2011, and each year thereafter, the Readiness to Serve Fee will increase by 3% annually. Service to the City began March 2010. Fees of \$2,148,490 paid by the City during 2015 are reflected as Charges for Services in the Water and Sewer fund. The minimum commitment to the County under the Agreement is as follows:

Fiscal Year Ending September 30,	Payment
2016	52,949
2017	54,537
2018	56,173
2019	57,858
2020	59,594
2021-2025	325,885
2026-2030	377,795
2031-2035	437,973
2036-2039	400,093
Total	\$ 1,822,857

Eglin Wastewater Treatment

In 2011, Okaloosa County Water and Sewer entered into an agreement with United States Air Force – Eglin (Eglin) to begin design work on an Eglin Main Base connection pumping wastewater from Eglin Main Base to the Arbennie Pritchett Water Reclamation Facility. The \$16,699,568 agreement consists of Duke Field Construction, \$1,500,000; Duke Field Capacity Expansion Charges (CEC), \$228,576; Eglin Main Base Construction, \$4,926,698; Eglin Main Base CEC, \$8,124,800; Camp Rudder Construction, \$1,599,494; and Camp Rudder CEC, \$320,000. As of September 30, 2015, Duke Field and Eglin Main Base CECs have been received, Duke Field Construction is complete and online, and Eglin Main Base Construction was substantially complete and online with \$5,176,697 received from Eglin. In November, 2014, the contract was extended six (6) months for completion of Camp Rudder Phase III. As of September 30, 2015 construction had begun on Camp Rudder Phase III and \$1,199,620 received from Eglin. At September 30, 2015, Water and Sewer was reporting \$320,000 as deferred revenue related to the CEC for Camp Rudder.

Customer Facility Charge Agreement

As of December 1, 2004, the County entered into a Customer Facility Charge Agreement with the on-airport rental car companies. In accordance with Ordinance No. 04-64, the County imposes and the rental car companies collect on behalf of the County, a Customer Facility Charge (CFC). Effective July 2007, Ordinance 04-64 was amended to increase the CFC charge from two dollars and fifty cents (\$2.50) to three dollars and twenty-five cents (\$3.25) per rental car transaction day on all rental car contracts. In December 2010, Ordinance 10-16 was implemented increasing the CFC charge from three dollars and

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 20 – COMMITMENTS AND CONTINGENCIES - CONTINUED

Customer Facility Charge Agreement - Continued

twenty-five cents (\$3.25) to three dollars and seventy-five cents (\$3.75). CFC revenue will be utilized by the County to construct, operate and maintain facilities and services for the rental car operators and their customers at the Northwest Florida Regional Airport. The facilities were completed and began operations in fiscal year 2009. CFC collections for the year ended September 30, 2015 were \$1,603,564 and will be used for debt service on the Series 2007 taxable airport revenue bonds. In fiscal year 2015, the Airport used \$559,393 of CFC revenue generated from the rental car companies for abatement of certain facility rent.

Emergency Operations Center

Okaloosa County and Northwest Florida State College executed a memorandum of understanding in 2005 for a joint use facility which would house the College's Community Life, Safety and Military Science programs, and the County's Public Safety Administration, Emergency Operation Center, and the 911 Dispatch Center. The facility also may serve as a hurricane evacuation shelter. The County's rent is \$10 per year for the facility located on the College's Niceville, Florida campus. The County funded approximately \$7,000,000 in contributions to the project. The joint use facility was completed and operations began in December 2010.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Board expects such amount, if any, to be immaterial.

Lawsuits

The Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Board's management that resolution of most of these matters will not have a material adverse effect on the financial condition of the Board.

Arbitrage Rebate

Section 148(f) of the Internal Revenue Code of 1986, as amended, and the proposed and temporary regulations issued by the Internal Revenue Service on May 15, 1989, and made final effective May 18, 1992, require the rebate to the United States government of the excess of earnings on non-purpose investments over earnings which would have been made on such investments if they had been made at bond yield, together with earnings on all future rebate amounts. Although rebates need not be remitted until five years after issuance of the bonds and each five (5) years thereafter, computations must be made annually to show financial position at fiscal year end. Okaloosa County has five (5) bond issues and one note falling within the purview of the above directives - \$26,615,000 Sales Tax Revenue Bonds, Series 2009; \$3,600,000 Capital Improvement Revenue Bond, Series 2011; \$22,165,000 Sales Tax Revenue Bonds, Series 2015; \$8,920,000 Airport Revenue Refunding Bond, Series 2014, and \$67,595,000 Water and Sewer Revenue Bonds, Series 2015.

According to the calculations, the Board has no rebate liability with respect to the bonds at September 30, 2015. This determination reflects the liability on that date only and does not represent any amount that may be due at the end of the five-year period from the delivery date of the bonds.

Medicaid County Billing Retrospective

In accordance with section 409.915, F.S., Okaloosa County must contribute a portion of the cost for State Medicaid for county "resident" Medicaid patients. House Bill 5301 pledged the Agency for Health Care Administration (AHCA) would certify and identify the county costs of unpaid retroactive amounts owed from November 2001 thru April 2012 and allow the County to either pay or petition for hearing. July

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 20 – COMMITMENTS AND CONTINGENCIES - CONTINUED

Medicaid County Billing Retrospective - Continued

2012, AHCA certified open claims of \$839,540 with net payments, credits, and transfers of \$562,436 resulting in a preliminary certification of \$277,104. After final certifications, AHCA certified the County's portion of the retroactive amounts to be \$265,850. The Board approved the final certification of \$265,850 resulting in reduction of the State Revenue Sharing of \$6,277 per month for 2013 and \$3,139 per month for the following four (4) year period.

NOTE 21 – RELATED ORGANIZATION

Library Cooperative

The Okaloosa County Board of County Commissioners entered into an inter-local agreement with six (6) municipalities located within Okaloosa County, Florida to provide for operation of a countywide public library system. The governing body of the cooperative is the Okaloosa County Public Library Cooperative Board made up of one appointee from each municipality and the County. Capital assets remain the property of the participating municipalities. Under the agreement, the County agreed to provide annual funding to the cooperative.

The current agreement was effective through December 31, 2013 and was renegotiated to extend through December 31, 2015. The Okaloosa County Board of County Commissioners' contribution to the library cooperative for the year ended September 30, 2015 was \$565,001. In addition, approximately \$82,493 of allocable indirect costs was charged to the fund. These charges were treated as an in-kind contribution by the County during the year ended September 30, 2015. The future commitment to the library cooperative in 2016 is \$619,135.

NOTE 22 – NON-RECURRING TRANSACTIONS

British Petroleum Settlement

In August 2015, the Board settled with British Petroleum for \$3,594,577 related to the Deepwater Horizon oil spill. The settlement was for costs incurred and damages suffered by Okaloosa County. Of the \$3,594,577, \$2,994,577 and \$600,000, was reported as miscellaneous revenue in the General and Capital Outlay funds respectively.

Camp Rudder/Eglin Main Base

Okaloosa Water and Sewer has entered into an agreement to plan, design, and construct a lift station and force main to connect Camp Rudder to the Arbennie Pritchett Water Reclamation Facility. The agreement includes \$1,599,474 for construction and \$320,000 for capacity expansion charges. In 2015, 75% of the construction project was completed and \$1,199,620 was reported as miscellaneous revenue in the Water and Sewer fund.

The Eglin Main Base construction was also completed in fiscal year 2015 and the County recognized \$492,669 in miscellaneous revenue related to the project.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2015

NOTE 23 – SUBSEQUENT EVENTS

Airport Refinance CIP Projects

In October 2015, the Board borrowed \$8,000,000 from the Pooled Commercial Paper Loan Program of the Florida Local Government Finance Commission (FLGFC). The debt will be used to provide interim cash-flow for the Destin Air Traffic Control Tower at an estimated \$5 million and the Foy Shaw Access Road at Bob Sikes Airport at an estimated \$7.5 million.

2016 Sales Tax Bonds

In April 2016, Okaloosa County approved the issuance of Sales Tax Revenue Bonds, Series 2016 not to exceed \$14 million. The financing will be used to finance a portion of the construction plan of the Crestview Courthouse. The total cost of the project is estimated at \$26 million.

Tax Collector Health Insurance

In October 2015, the Tax Collector opted out of the County's group health plan and began participating in its own group medical insurance plan, administered by the Tax Collector.

Required Supplementary Information

Okaloosa County, Florida
POST EMPLOYMENT BENEFITS PLANS SCHEDULE OF FUNDING PROGRESS
September 30, 2015

Board of County Commissioners

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)⁽¹⁾	Unfunded Actuarial Liabilities (UAAL)⁽²⁾	Funded Ratio	Covered Payroll⁽³⁾	UAAL as a Percentage of Covered Payroll⁽³⁾
October 1, 2012	-	\$ 3,780,041	\$ 3,780,041	0.0%	\$ 31,108,775	12.2%
October 1, 2013	-	\$ 4,521,893	\$ 4,521,893	0.0%	\$ 31,812,521	14.2%
October 1, 2014	-	\$ 4,615,780	\$ 4,615,780	0.0%	\$ 32,727,555	14.1%

(1) Actuarial liability determined under the unit credit cost method.

(2) Actuarial liability less actuarial value of assets, if any.

(3) Medical benefits are not tied to the size of payroll and advised costs as a percentage of payroll does not raise GASB 45 costs.

Approach revised in 2011.

Sheriff

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)⁽⁴⁾	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	-	\$ 3,372,085	\$ 3,372,085	0.0%	\$ 14,770,075	22.8%
July 1, 2011	-	\$ 2,873,292	\$ 2,873,292	0.0%	\$ 11,765,499	24.4%
July 1, 2013	-	\$ 3,400,380	\$ 3,400,380	0.0%	\$ 13,845,979	24.6%

(4) Actuarial liability determined under the individual entry age normal cost method.

Okaloosa County, Florida
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
September 30, 2015

	<u>Florida Retirement System</u>		<u>Helath Insurance Subsidy</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.269702499%	0.267515018%	0.196252961%	0.195263644%
County's porportionate share of the net pension liability (asset)	\$ 34,835,695	\$ 16,322,350	\$ 20,014,715	\$ 18,257,627
County's covered-employee payroll	\$ 73,573,015	\$ 70,721,165	\$ 73,573,015	\$ 70,721,165
County's porportionate share of the net pension liability (asset)				
as a percentage of its covered-employee payroll	47.35%	23.08%	47.35%	23.08%
Plan fiduciary net position as a				
percentage of the total pension liability	92.00%	96.09%	92.00%	96.09%

*The amounts presented for each fiscal year were determined as of 6/30.

Okaloosa County, Florida
SCHEDULE OF CONTRIBUTIONS
September 30, 2015

	<u>Florida Retirement System</u>		<u>Helath Insurance Subsidy</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,575,576	\$ 5,859,714	\$ 750,201	\$ 668,908
Contributions in relation to the contractually required contribution	\$ (6,575,576)	\$ (5,859,714)	\$ (750,201)	\$ (668,908)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 73,573,015	\$ 70,721,165	\$ 73,573,015	\$ 70,721,165
Contributions as a percentage of covered-employee payroll	8.94%	8.29%	1.02%	0.95%

*The amounts presented for each fiscal year were determined as of 6/30.

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Board of County Commissioners

County Transportation Trust Fund

This fund is used to account for maintenance and in-house construction of Okaloosa County roads. These activities include road maintenance, traffic control, engineering, right-of-way acquisition, and construction of new roadways. Funds are provided from state shared revenue and certain gasoline taxes collected and distributed by the State of Florida.

Natural Disaster Fund

This fund is used to account for disaster funding and expenditures not considered normal recurring operating activity of the County.

Local Housing Assistance Trust Fund

This fund is used to account for funds received from the State Housing Initiatives Partnership Program for implementing and administering the local housing assistance plan.

E-911 Operations Fund

This fund is used to account for E911 revenues collected exclusively for costs associated with developing and maintaining E911 systems and networks.

Radio Communications Fund

This fund is used to account for surcharges collected to fund the acquisition of equipment, software, and engineering, administrative, and maintenance services to construct, operate, and maintain a statewide radio system.

Law Enforcement Trust Fund

This fund is used to account for the revenues received as a result of criminal or forfeiture proceedings and used for school resource officer, crime prevention, safe neighborhood, drug abuse education and preventions programs, or for other law enforcement purposes.

Police Academy Fund

This fund is used to account for an additional \$2 assessed by the County for criminal justice education degree programs and training courses.

County Public Health Fund

This fund is used to account for funds appropriated by Okaloosa County for or on behalf of the county public health unit, such as capital projects costs.

Municipal Services Benefit Units Fund

This fund is used to account for the assessments levied against benefiting properties for providing street lighting, street and drainage improvements and maintenance.

Unincorporated County Parks Fund

This fund is used to account for ad valorem tax proceeds levied on property in the unincorporated areas of Okaloosa County for the maintenance of parks in those areas.

Prisoner Benefit Fund

This fund is used to account for profits from the detention facility's commissary and expenses involved in the commissary operation.

Additional Court Cost Fund

This fund is used to account for the \$65 additional court costs imposed by the County to fund innovations, legal aid, law library, and teen court operations.

Drug Abuse Trust Fund

This fund is used to account for an additional assessment collected for the purpose of providing assistance for alcohol and other drug abuse treatment or education programs.

Domestic Violence Trust Fund

This fund is used to account for the \$85 surcharge imposed on domestic violence offenses and is used to provide additional training to law enforcement personnel in combating domestic violence.

Nonmajor Governmental Funds (Continued)

SPECIAL REVENUE FUNDS (Continued)

Board of County Commissioners (Continued)

Traffic Education Trust Fund

This fund is used to account for the additional \$5 surcharge imposed on each traffic penalty and is used to fund driver education programs in public and non-public schools.

Clerk of Circuit Court

Courts Special Revenue Fund

This fund is used to account for the statutory fines, fees, service charges and costs collected by the Clerk related to the performance of court-related activities. All excess funds over the amount of the Clerk's operating budget for this fund, approved by the Clerks of Court Operations Corporation, are remitted to the Florida Department of Revenue.

Public Records Modernization Trust Fund

This fund is used to account for recording fees collected by the Clerk under Florida Statute 28.24(12)(d). The fund is used exclusively for equipment, personnel training, and technical assistance in modernizing the public records system.

Public Records Courts Special Revenue Fund

This fund is used to account for recording fees collected by the Clerk under Florida Statute 28.24(12)(e). The fund is used exclusively for court-related technology needs.

Public Records 10% Fine Special Revenue Fund

This fund is used to account for recording fees collected by the Clerk of the Circuit Court under Florida Statute 28.24(12)(e). The fund is used exclusively for court-related technology needs.

Sheriff

Federal Law Enforcement Trust Fund

This fund is used to account for confiscated merchandise and funds and is expended for Law Enforcement Purposes. Funds cannot be used for normal operating expenses.

Teen Challenge Driver Fund

This fund is used to account for revenues restricted by the Florida Sheriffs Association and its expended to support a new safety program for teen drivers. Funds cannot be used for normal operating expenses.

Second Dollar Program Fund

This fund is used to account for revenues restricted from local County moving violation tickets and is expended to support a new safety program for teen drivers. Funds cannot be used for normal operating expenses.

DEBT SERVICE FUND

Debt Service funds are used to account for the accumulation of resources and payment of special obligation bond principal and interest from governmental resources when Okaloosa County is obligated in some manner for the payment.

Board of County Commissioners

Okaloosa Debt Service Fund

This fund is used to account for accumulation of resources and payment of bond debt for Capital Improvement Revenue Bonds, Series 1991, and Sales Tax Revenue Bonds, Series 2009.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

Board of County Commissioners

Road and Bridge Construction Fund

This fund is used to account for constitutional gasoline tax revenues and balances on hand, as well as a portion of the County's Local Option Gasoline Tax revenue, all available for capital improvements. All improvements from this fund are restricted to the construction of roads and bridges within Okaloosa County.

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Trust Fund	E-911 Operations Special Revenue Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,921,643	\$ 851,141	\$ 987,511	\$ 827,296
Investments	11,951	45,211	356,725	565,441
Accounts Receivable	120	-	24,932	-
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	1,087,474	567,996	-	31,297
Prepays	13,067	-	-	5,673
Total Assets	<u>\$ 3,034,255</u>	<u>\$ 1,464,348</u>	<u>\$ 1,369,168</u>	<u>\$ 1,429,707</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 65,732	\$ 3,511	\$ -	\$ 8,620
Contracts Payable	39,587	5,124	21,759	6,575
Other Accrued Liabilities	199,767	-	-	11,000
Due to Other Elected Officials	869	-	-	-
Due to Other Governments	924	-	-	185
Due to Depositors	60,395	-	-	-
Unearned Revenue	-	317,661	1,035,142	-
Total Liabilities	<u>367,274</u>	<u>326,296</u>	<u>1,056,901</u>	<u>26,380</u>
Fund Balances				
Nonspendable	13,067	-	-	5,673
Restricted	-	567,996	312,267	1,403,327
Committed	-	-	-	-
Assigned	2,666,981	570,056	-	-
Unassigned	(13,067)	-	-	(5,673)
Total Fund Balances	<u>2,666,981</u>	<u>1,138,052</u>	<u>312,267</u>	<u>1,403,327</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 3,034,255</u>	<u>\$ 1,464,348</u>	<u>\$ 1,369,168</u>	<u>\$ 1,429,707</u>

Radio Communications Special Revenue Fund	Law Enforcement Trust Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Services Benefit Unit Special Revenue Fund
\$ 151,244	\$ 45,656	\$ 34,747	\$ 50,635	\$ 459,210
991	1,434	819	380	44,456
-	-	-	134	3
9,118	-	1,855	-	112
-	-	-	-	1,255
5,673	-	-	-	-
<u>\$ 167,026</u>	<u>\$ 47,090</u>	<u>\$ 37,421</u>	<u>\$ 51,149</u>	<u>\$ 505,036</u>
\$ -	\$ 8,200	\$ 79	\$ -	\$ 3,890
4,390	-	-	50,138	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	300
-	-	-	-	-
<u>4,390</u>	<u>8,200</u>	<u>79</u>	<u>50,138</u>	<u>4,190</u>
5,673	-	-	-	-
162,636	38,890	37,342	-	-
-	-	-	-	500,846
-	-	-	1,011	-
(5,673)	-	-	-	-
<u>162,636</u>	<u>38,890</u>	<u>37,342</u>	<u>1,011</u>	<u>500,846</u>
<u>\$ 167,026</u>	<u>\$ 47,090</u>	<u>\$ 37,421</u>	<u>\$ 51,149</u>	<u>\$ 505,036</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Cost Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,189,049	\$ 238,779	\$ 24,031	\$ 54,538
Investments	2,938,205	505,132	501,281	591
Accounts Receivable	3,664	7,789	-	-
Due from Other Funds	-	-	-	-
Due from Other Elected Officials	747	-	103,176	315
Due from Other Governments	-	-	3,630	-
Prepays	6,229	-	-	-
Total Assets	\$ 4,137,894	\$ 751,700	\$ 632,118	\$ 55,444
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 8,239	\$ -	\$ 8,664	\$ 698
Contracts Payable	243	32,472	36,386	-
Other Accrued Liabilities	19,052	5,342	9,591	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	105	13,453	31,492	-
Due to Depositors	-	20,092	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	27,639	71,359	86,133	698
Fund Balances				
Nonspendable	6,229	-	-	-
Restricted	4,110,255	680,341	545,985	54,746
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(6,229)	-	-	-
Total Fund Balances	4,110,255	680,341	545,985	54,746
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 4,137,894	\$ 751,700	\$ 632,118	\$ 55,444

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
\$ 1,327	\$ 168,453	\$ 383,550	\$ 608,587	\$ 839,973
6,970	703	-	-	-
-	-	-	-	-
-	-	3,413	9,811	29,917
3,274	7,008	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 11,571</u>	<u>\$ 176,164</u>	<u>\$ 386,963</u>	<u>\$ 618,398</u>	<u>\$ 869,890</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	34,792	-	-
-	21,518	-	-	-
-	-	69,744	-	-
-	-	-	-	-
-	-	282,427	-	-
<u>-</u>	<u>21,518</u>	<u>386,963</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
11,571	154,646	-	618,398	869,890
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>11,571</u>	<u>154,646</u>	<u>-</u>	<u>618,398</u>	<u>869,890</u>
<u>\$ 11,571</u>	<u>\$ 176,164</u>	<u>\$ 386,963</u>	<u>\$ 618,398</u>	<u>\$ 869,890</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund
ASSETS				
Cash and Cash Equivalents	\$ 77,431	\$ 312,086	\$ -	\$ -
Investments	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	-
Total Assets	\$ 77,431	\$ 312,086	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS,				
Liabilities				
Accounts Payable	\$ 21,228	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	-
Other Accrued Liabilities	217	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Depositors	-	-	-	-
Unearned Revenue	-	312,086	-	-
Total Liabilities	21,445	312,086	-	-
Deferred Inflow of Resources				
Unavailable Revenue	-	-	-	-
Fund Balances				
Nonspendable				
Nonspendable	-	-	-	-
Spendable				
Restricted	55,986	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	55,986	-	-	-
Resources, and Fund Balances	\$ 77,431	\$ 312,086	\$ -	\$ -

Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit III-A)
\$ 843,092	\$ 4,060,419	\$ 14,130,398
196,744	7,576,690	12,753,724
-	-	36,642
-	-	43,141
-	-	125,605
-	848,060	2,539,712
-	-	-
-	-	30,642
<u>\$ 1,039,836</u>	<u>\$ 12,485,169</u>	<u>\$ 29,659,864</u>
\$ 300	\$ 23,033	\$ 152,194
-	676,572	873,246
-	-	279,761
-	-	-
-	-	22,387
-	-	115,903
-	2,500	83,287
-	-	1,947,316
<u>300</u>	<u>702,105</u>	<u>3,474,094</u>
<u>-</u>	<u>-</u>	<u>-</u>
-	-	30,642
1,039,536	11,783,064	22,446,876
-	-	500,846
-	-	3,238,048
-	-	(30,642)
<u>1,039,536</u>	<u>11,783,064</u>	<u>26,185,770</u>
<u>\$ 1,039,836</u>	<u>\$ 12,485,169</u>	<u>\$ 29,659,864</u>

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Trust Fund	E-911 Operations Special Revenue Fund
Revenues				
Taxes	\$ 4,364,321	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	2,943,753	1,506,749	270,905	955,724
Charges for Services	331,543	-	-	4,318
Fines	-	-	-	-
Miscellaneous	7,071	3,449	6,614	14,678
Total Revenues	7,646,688	1,510,198	277,519	974,720
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	116,890	-	1,045,264
Physical Environment	717,653	-	-	-
Transportation	7,252,787	-	-	-
Economic Environment	-	-	274,867	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Capital Outlay	939,842	103,172	-	19,847
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
Total Expenditures	8,910,282	220,062	274,867	1,065,111
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,263,594)	1,290,136	2,652	(90,391)
Other Financing Sources (Uses)				
Transfers In	3,089,704	367,383	-	-
Transfers Out	-	-	-	-
Transfers Among Constitutional Officers	-	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	3,089,704	367,383	-	-
Net Change in Fund Balances	1,826,110	1,657,519	2,652	(90,391)
Fund Balances - Beginning	840,871	(519,467)	309,615	1,493,718
Fund Balances - Ending	\$ 2,666,981	\$ 1,138,052	\$ 312,267	\$ 1,403,327

Radio Communications Special Revenue Fund	Law Enforcement Trust Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Services Benefit Unit Special Revenue Fund
\$ -	\$ -	\$ -	\$ 595,745	\$ -
-	-	-	-	475,854
-	-	-	-	-
-	-	30,346	-	-
122,116	59,191	-	-	-
1,095	187	230	76,924	5,504
<u>123,211</u>	<u>59,378</u>	<u>30,576</u>	<u>672,669</u>	<u>481,358</u>
-	-	-	-	-
87,397	-	10,310	-	-
-	-	-	-	-
-	-	-	-	415,399
-	-	-	-	-
-	-	-	601,661	-
-	-	-	-	-
-	-	-	-	-
-	-	-	75,582	29,440
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>87,397</u>	<u>-</u>	<u>10,310</u>	<u>677,243</u>	<u>444,839</u>
<u>35,814</u>	<u>59,378</u>	<u>20,266</u>	<u>(4,574)</u>	<u>36,519</u>
-	-	-	4,000	-
-	-	-	-	-
-	(35,575)	-	-	112
-	-	-	-	-
<u>-</u>	<u>(35,575)</u>	<u>-</u>	<u>4,000</u>	<u>112</u>
35,814	23,803	20,266	(574)	36,631
<u>126,822</u>	<u>15,087</u>	<u>17,076</u>	<u>1,585</u>	<u>464,215</u>
<u>\$ 162,636</u>	<u>\$ 38,890</u>	<u>\$ 37,342</u>	<u>\$ 1,011</u>	<u>\$ 500,846</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Cost Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
Revenues				
Taxes	\$ 1,968,808	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	6,945	780,376	1,367,708	-
Fines	-	-	-	14,592
Miscellaneous	45,517	6,261	52,483	431
Total Revenues	2,021,270	786,637	1,420,191	15,023
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	710,045	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	920,858	-	-	-
Court-Related	-	-	795,202	5,532
Capital Outlay	141,079	2,370	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
Total Expenditures	1,061,937	712,415	795,202	5,532
Excess (Deficiency) of Revenues Over (Under) Expenditures	959,333	74,222	624,989	9,491
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(1,231,208)	-	(648,424)	-
Transfers Among Constitutional Officers	747	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	(1,230,461)	-	(648,424)	-
Net Change in Fund Balances	(271,128)	74,222	(23,435)	9,491
Fund Balances - Beginning	4,381,383	606,119	569,420	45,255
Fund Balances - Ending	\$ 4,110,255	\$ 680,341	\$ 545,985	\$ 54,746

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	34,241	-	-
-	-	3,197,475	115,430	351,464
30,521	97,681	842,328	-	-
108	1,202	-	1,125	1,553
<u>30,629</u>	<u>98,883</u>	<u>4,074,044</u>	<u>116,555</u>	<u>353,017</u>
-	-	-	178,346	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,233	4,074,044	-	304,313
-	-	-	166,914	346,705
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>1,233</u>	<u>4,074,044</u>	<u>345,260</u>	<u>651,018</u>
<u>30,629</u>	<u>97,650</u>	<u>-</u>	<u>(228,705)</u>	<u>(298,001)</u>
-	-	-	-	-
(47,254)	-	-	-	-
-	(48,058)	-	-	-
-	-	-	-	-
<u>(47,254)</u>	<u>(48,058)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(16,625)	49,592	-	(228,705)	(298,001)
28,196	105,054	-	847,103	1,167,891
<u>\$ 11,571</u>	<u>\$ 154,646</u>	<u>\$ -</u>	<u>\$ 618,398</u>	<u>\$ 869,890</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	230,305	-	-
Charges for Services	-	-	-	-
Fines	208,818	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	208,818	230,305	-	-
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	77,885	48,058	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	592,592	-	-	-
Capital Outlay	28,900	187,995	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
Total Expenditures	621,492	265,880	48,058	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(412,674)	(35,575)	(48,058)	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Transfers Among Constitutional Officers	-	35,575	48,058	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	35,575	48,058	-
Net Change in Fund Balances	(412,674)	-	-	-
Fund Balances - Beginning	468,660	-	-	-
Fund Balances - Ending	\$ 55,986	\$ -	\$ -	\$ -

Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit IV-A)
\$ -	\$ 1,766,846	\$ 8,695,720
-	-	475,854
5,059,157	2,455,483	13,456,317
-	-	6,185,605
-	-	1,375,247
453,088	119,713	797,233
<u>5,512,245</u>	<u>4,342,042</u>	<u>30,985,976</u>
190,750	-	369,096
-	-	2,095,849
-	-	717,653
-	2,259,239	9,927,425
-	-	274,867
-	-	601,661
-	-	920,858
-	-	5,772,916
-	2,685,862	4,727,708
3,005,000	-	3,005,000
1,975,332	-	1,975,332
212,836	-	212,836
<u>5,383,918</u>	<u>4,945,101</u>	<u>30,601,201</u>
<u>128,327</u>	<u>(603,059)</u>	<u>384,775</u>
1,319,002	204,058	4,984,147
(3,653,424)	-	(5,580,310)
-	-	859
2,741,979	-	2,741,979
<u>407,557</u>	<u>204,058</u>	<u>2,146,675</u>
535,884	(399,001)	2,531,450
503,652	12,182,065	23,654,320
<u>\$ 1,039,536</u>	<u>\$ 11,783,064</u>	<u>\$ 26,185,770</u>

Okaloosa County, Florida
CAPITAL OUTLAY CONSTRUCTION TRUST CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 1,233	\$ 1,233
Intergovernmental	115,000	115,000	120,288	5,288
Charges for Services	-	631,542	631,542	-
Miscellaneous	35,000	635,000	734,922	99,922
Total Revenues	150,000	1,381,542	1,487,985	106,443
Expenditures				
Current				
General Government	304,187	641,008	9,470	631,538
Public Safety	-	-	450	(450)
Culture and Recreation	461,610	581,248	53,244	528,004
Capital Outlay	22,417,053	25,552,598	13,033,129	12,519,469
Total Expenditures	23,182,850	26,774,854	13,096,293	13,678,561
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,032,850)	(25,393,312)	(11,608,308)	13,785,004
Other Financing Sources (Uses)				
Transfers In	-	200,000	200,000	-
Transfers Out	(317,150)	(317,150)	(550,698)	233,548
Issuance of Debt	20,000,000	22,430,910	22,430,910	-
Total Other Financing Sources (Uses)	19,682,850	22,313,760	22,080,212	233,548
Net Change in Fund Balance	(3,350,000)	(3,079,552)	10,471,904	13,551,456
Fund Balance - Beginning	3,350,000	3,079,552	3,079,552	-
Fund Balance - Ending	\$ -	\$ -	\$ 13,551,456	\$ 13,551,456

Okaloosa County, Florida
COUNTY TRANSPORTATION TRUST SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 4,640,000	\$ 4,640,000	\$ 4,364,321	\$ (275,679)
Intergovernmental	2,372,356	3,607,417	2,943,753	(663,664)
Charges for Services	230,495	281,495	331,543	50,048
Miscellaneous	5,000	4,962	7,071	2,109
Total Revenues	7,247,851	8,533,874	7,646,688	(887,186)
Expenditures				
Current				
Physical Environment	854,573	952,062	717,653	234,409
Transportation	8,244,333	8,531,540	7,252,787	1,278,753
Capital Outlay	1,338,649	2,980,846	939,842	2,041,004
Total Expenditures	10,437,555	12,464,448	8,910,282	3,554,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,189,704)	(3,930,574)	(1,263,594)	2,666,980
Other Financing Sources (Uses)				
Transfers In	3,089,704	3,089,704	3,089,704	-
Total Other Financing Sources (Uses)	3,089,704	3,089,704	3,089,704	-
Net Change in Fund Balance	(100,000)	(840,870)	1,826,110	2,666,980
Fund Balance - Beginning	100,000	840,870	840,871	1
Fund Balance - Ending	\$ -	\$ -	\$ 2,666,981	\$ 2,666,981

Okaloosa County, Florida
NATURAL DISASTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 2,489,408	\$ 1,506,749	\$ (982,659)
Miscellaneous	-	-	3,449	3,449
Total Revenues	-	2,489,408	1,510,198	(979,210)
Expenditures				
Current				
Public Safety	-	-	116,890	(116,890)
Economic Environment	-	579,610	-	579,610
Capital Outlay	-	2,277,181	103,172	2,174,009
Total Expenditures	-	2,856,791	220,062	2,636,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(367,383)	1,290,136	1,657,519
Other Financing Sources (Uses)				
Transfers In	-	367,383	367,383	-
Total Other Financing Sources (Uses)	-	367,383	367,383	-
Net Change in Fund Balance	-	-	1,657,519	1,657,519
Fund Balance - Beginning	-	-	(519,467)	(519,467)
Fund Balance - Ending	\$ -	\$ -	\$ 1,138,052	\$ 1,138,052

Okaloosa County, Florida
LOCAL HOUSING ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 1,264,099	\$ 270,905	\$ (993,194)
Miscellaneous	-	22,673	6,614	(16,059)
Total Revenues	-	1,286,772	277,519	(1,009,253)
Expenditures				
Current				
Economic Environment	306,925	1,596,387	274,867	1,321,520
Total Expenditures	306,925	1,596,387	274,867	1,321,520
Excess (Deficiency) of Revenues Over (Under) Expenditures	(306,925)	(309,615)	2,652	312,267
Net Change in Fund Balance	(306,925)	(309,615)	2,652	312,267
Fund Balance - Beginning	306,925	309,615	309,615	-
Fund Balance - Ending	\$ -	\$ -	\$ 312,267	\$ 312,267

Okaloosa County, Florida
E-911 OPERATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 950,000	\$ 950,000	\$ 955,724	\$ 5,724
Charges for Services	3,100	3,100	4,318	1,218
Miscellaneous	11,500	11,500	14,678	3,178
Total Revenues	964,600	964,600	974,720	10,120
Expenditures				
Current				
Public Safety	1,934,600	2,114,623	1,045,264	1,069,359
Capital Outlay	30,000	343,695	19,847	323,848
Total Expenditures	1,964,600	2,458,318	1,065,111	1,393,207
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,000)	(1,493,718)	(90,391)	1,403,327
Net Change in Fund Balance	(1,000,000)	(1,493,718)	(90,391)	1,403,327
Fund Balance - Beginning	1,000,000	1,493,718	1,493,718	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,403,327	\$ 1,403,327

Okaloosa County, Florida
RADIO COMMUNICATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 90,000	\$ 120,000	\$ 122,116	\$ 2,116
Miscellaneous	1,000	1,000	1,095	95
Total Revenues	<u>91,000</u>	<u>121,000</u>	<u>123,211</u>	<u>2,211</u>
Expenditures				
Current				
Public Safety	117,250	117,950	87,397	30,553
Capital Outlay	20,000	129,872	-	129,872
Total Expenditures	<u>137,250</u>	<u>247,822</u>	<u>87,397</u>	<u>160,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(46,250)</u>	<u>(126,822)</u>	<u>35,814</u>	<u>162,636</u>
Net Change in Fund Balance	(46,250)	(126,822)	35,814	162,636
Fund Balance - Beginning	<u>46,250</u>	<u>126,822</u>	<u>126,822</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,636</u>	<u>\$ 162,636</u>

Okaloosa County, Florida
LAW ENFORCEMENT TRUST FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ -	\$ 54,000	\$ 59,191	\$ 5,191
Miscellaneous	-	-	187	187
Total Revenues	-	54,000	59,378	5,378
Expenditures				
Current				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	54,000	59,378	5,378
Other Financing Sources (Uses)				
Transfers Among				
Constitutional Officers	(20,000)	(65,587)	(35,575)	30,012
Total Other Financing Sources (Uses)	(20,000)	(65,587)	(35,575)	30,012
Net Change in Fund Balance	(20,000)	(11,587)	23,803	35,390
Fund Balance - Beginning	20,000	11,587	15,087	3,500
Fund Balance - Ending	\$ -	\$ -	\$ 38,890	\$ 38,890

Okaloosa County, Florida
POLICE ACADEMY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 25,000	\$ 31,000	\$ 30,346	\$ (654)
Miscellaneous	450	450	230	(220)
Total Revenues	25,450	31,450	30,576	(874)
Expenditures				
Current				
Public Safety	35,450	19,770	10,310	9,460
Total Expenditures	35,450	19,770	10,310	9,460
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	11,680	20,266	8,586
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	(28,755)	-	28,755
Total Other Financing Sources (Uses)	-	(28,755)	-	28,755
Net Change in Fund Balance	(10,000)	(17,075)	20,266	37,341
Fund Balance - Beginning	10,000	17,075	17,076	1
Fund Balance - Ending	\$ -	\$ -	\$ 37,342	\$ 37,342

Okaloosa County, Florida
COUNTY PUBLIC HEALTH SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 595,661	\$ 595,661	\$ 595,745	\$ 84
Miscellaneous	2,000	77,582	76,924	(658)
Total Revenues	597,661	673,243	672,669	(574)
Expenditures				
Current				
Human Services	601,661	603,245	601,661	1,584
Capital Outlay	-	75,582	75,582	-
Total Expenditures	601,661	678,827	677,243	1,584
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(5,584)	(4,574)	1,010
Other Financing Sources (Uses)				
Transfers In	4,000	4,000	4,000	-
Total Other Financing Sources (Uses)	4,000	4,000	4,000	-
Net Change in Fund Balance	-	(1,584)	(574)	1,010
Fund Balance - Beginning	-	1,584	1,585	1
Fund Balance - Ending	\$ -	\$ -	\$ 1,011	\$ 1,011

Okaloosa County, Florida
MUNICIPAL SERVICES BENEFIT UNIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$ 460,546	\$ 478,944	\$ 475,854	\$ (3,090)
Miscellaneous	700	700	5,504	4,804
Total Revenues	461,246	479,644	481,358	1,714
Expenditures				
Current				
Transportation	962,768	916,612	415,399	501,213
Capital Outlay	-	29,441	29,440	1
Total Expenditures	962,768	946,053	444,839	501,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(501,522)	(466,409)	36,519	502,928
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	112	112
Total Other Financing Sources (Uses)	-	-	112	112
Net Change in Fund Balance	(501,522)	(466,409)	36,631	503,040
Fund Balance - Beginning	501,522	466,409	464,215	(2,194)
Fund Balance - Ending	\$ -	\$ -	\$ 500,846	\$ 500,846

Okaloosa County, Florida
UNINCORPORATED COUNTY PARKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,965,866	\$ 1,965,866	\$ 1,968,808	\$ 2,942
Charges for Services	8,500	8,500	6,945	(1,555)
Miscellaneous	80,000	80,000	45,517	(34,483)
Total Revenues	<u>2,054,366</u>	<u>2,054,366</u>	<u>2,021,270</u>	<u>(33,096)</u>
Expenditures				
Current				
Culture and Recreation	4,262,748	4,044,130	920,858	3,123,272
Capital Outlay	1,160,410	1,160,410	141,079	1,019,331
Total Expenditures	<u>5,423,158</u>	<u>5,204,540</u>	<u>1,061,937</u>	<u>4,142,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,368,792)</u>	<u>(3,150,174)</u>	<u>959,333</u>	<u>4,109,507</u>
Other Financing Sources (Uses)				
Transfers Out	(1,231,208)	(1,231,208)	(1,231,208)	-
Transfers Among Constitutional Officers	-	-	747	747
Total Other Financing Sources (Uses)	<u>(1,231,208)</u>	<u>(1,231,208)</u>	<u>(1,230,461)</u>	<u>747</u>
Net Change in Fund Balance	(4,600,000)	(4,381,382)	(271,128)	4,110,254
Fund Balance - Beginning	<u>4,600,000</u>	<u>4,381,382</u>	<u>4,381,383</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,110,255</u>	<u>\$ 4,110,255</u>

Okaloosa County, Florida
PRISONER BENEFIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 610,000	\$ 730,000	\$ 780,376	\$ 50,376
Miscellaneous	5,500	5,500	6,261	761
Total Revenues	615,500	735,500	786,637	51,137
Expenditures				
Current				
Public Safety	1,115,500	1,339,218	710,045	629,173
Capital Outlay	-	2,400	2,370	30
Total Expenditures	1,115,500	1,341,618	712,415	629,203
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500,000)	(606,118)	74,222	680,340
Net Change in Fund Balance	(500,000)	(606,118)	74,222	680,340
Fund Balance - Beginning	500,000	606,118	606,119	1
Fund Balance - Ending	\$ -	\$ -	\$ 680,341	\$ 680,341

Okaloosa County, Florida
ADDITIONAL COURT COST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,200,200	\$ 1,395,200	\$ 1,367,708	\$ (27,492)
Miscellaneous	-	39,300	52,483	13,183
Total Revenues	1,200,200	1,434,500	1,420,191	(14,309)
Expenditures				
Current				
Court-Related	1,380,805	1,787,310	795,202	992,108
Total Expenditures	1,380,805	1,787,310	795,202	992,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,605)	(352,810)	624,989	977,799
Other Financing Sources (Uses)				
Transfers Out	(560,000)	(680,000)	(648,424)	(31,576)
Total Other Financing Sources (Uses)	(560,000)	(680,000)	(648,424)	31,576
Net Change in Fund Balance	(740,605)	(1,032,810)	(23,435)	1,009,375
Fund Balance - Beginning	740,605	1,032,810	569,420	(463,390)
Fund Balance - Ending	\$ -	\$ -	\$ 545,985	\$ 545,985

Okaloosa County, Florida
DRUG ABUSE TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 13,000	\$ 13,000	\$ 14,592	\$ 1,592
Miscellaneous	-	-	431	431
Total Revenues	13,000	13,000	15,023	2,023
Expenditures				
Current				
Court-Related	50,000	58,254	5,532	52,722
Total Expenditures	50,000	58,254	5,532	52,722
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,000)	(45,254)	9,491	54,745
Net Change in Fund Balance	(37,000)	(45,254)	9,491	54,745
Fund Balance - Beginning	37,000	45,254	45,255	1
Fund Balance - Ending	\$ -	\$ -	\$ 54,746	\$ 54,746

Okaloosa County, Florida
DOMESTIC VIOLENCE TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 27,000	\$ 27,000	\$ 30,521	\$ 3,521
Miscellaneous	-	-	108	108
Total Revenues	27,000	27,000	30,629	3,629
Expenditures				
Current				
Court-Related	5,255	5,255	-	5,255
Total Expenditures	5,255	5,255	-	5,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,745	21,745	30,629	8,884
Other Financing Sources (Uses)				
Transfers Out	(47,000)	(49,941)	(47,254)	(2,687)
Total Other Financing Sources (Uses)	(47,000)	(49,941)	(47,254)	2,687
Net Change in Fund Balance	(25,255)	(28,196)	(16,625)	11,571
Fund Balance - Beginning	25,255	28,196	28,196	-
Fund Balance - Ending	\$ -	\$ -	\$ 11,571	\$ 11,571

Okaloosa County, Florida
TRAFFIC EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	\$ 80,000	\$ 102,000	\$ 97,681	\$ (4,319)
Miscellaneous	-	-	1,202	1,202
Total Revenues	80,000	102,000	98,883	(3,117)
Expenditures				
Current				
Court-Related	80,000	97,113	1,233	95,880
Total Expenditures	80,000	97,113	1,233	95,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	4,887	97,650	92,763
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(80,000)	(109,940)	(48,058)	61,882
Total Other Financing Sources (Uses)	(80,000)	(109,940)	(48,058)	61,882
Net Change in Fund Balance	(80,000)	(105,053)	49,592	154,645
Fund Balance - Beginning	80,000	105,053	105,054	1
Fund Balance - Ending	\$ -	\$ -	\$ 154,646	\$ 154,646

Okaloosa County, Florida
COURTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 34,241	\$ 34,241	\$ -
Charges for Services	3,016,000	2,836,000	3,197,475	361,475
Fines	791,133	740,975	842,328	101,353
	<u>3,807,133</u>	<u>3,611,216</u>	<u>4,074,044</u>	<u>462,828</u>
Total Revenues				
Expenditures				
Current				
Court-Related	3,807,133	3,611,216	4,074,044	(462,828)
	<u>3,807,133</u>	<u>3,611,216</u>	<u>4,074,044</u>	<u>(462,828)</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Okaloosa County, Florida
PUBLIC RECORDS MODERNIZATION TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	101,250	101,250	115,430	14,180
Miscellaneous	852,205	852,205	1,125	(851,080)
Total Revenues	953,455	953,455	116,555	(836,900)
Expenditures				
Current				
General Government	-	183,000	178,346	4,654
Capital Outlay	953,455	770,455	166,914	603,541
Total Expenditures	953,455	953,455	345,260	608,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(228,705)	(228,705)
Net Change in Fund Balance	-	-	(228,705)	(228,705)
Fund Balance - Beginning	-	-	847,103	847,103
Fund Balance - Ending	\$ -	\$ -	\$ 618,398	\$ 618,398

Okaloosa County, Florida
PUBLIC RECORDS COURTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 305,000	\$ 305,000	\$ 351,464	\$ 46,464
Miscellaneous	1,169,500	1,169,500	1,553	(1,167,947)
Total Revenues	1,474,500	1,474,500	353,017	(1,121,483)
Expenditures				
Current				
Court-Related	-	330,000	304,313	25,687
Capital Outlay	1,474,500	1,144,500	346,705	797,795
Total Expenditures	1,474,500	1,474,500	651,018	823,482
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(298,001)	(298,001)
Net Change in Fund Balance	-	-	(298,001)	(298,001)
Fund Balance - Beginning	-	-	1,167,891	1,167,891
Fund Balance - Ending	\$ -	\$ -	\$ 869,890	\$ 869,890

Okaloosa County, Florida
PUBLIC RECORDS 10% FINE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 181,400	\$ 181,400	\$ 208,818	27,418
Miscellaneous	500,000	500,000	-	(500,000)
Total Revenues	<u>681,400</u>	<u>681,400</u>	<u>208,818</u>	<u>(472,582)</u>
Expenditures				
Current				
Court-Related	125,455	597,910	592,592	5,318
Capital Outlay	555,945	83,490	28,900	54,590
Total Expenditures	<u>681,400</u>	<u>681,400</u>	<u>621,492</u>	<u>59,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(412,674)</u>	<u>(412,674)</u>
Net Change in Fund Balance	-	-	(412,674)	(412,674)
Fund Balance - Beginning	-	-	468,660	468,660
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,986</u>	<u>\$ 55,986</u>

Okaloosa County, Florida
FEDERAL LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 230,305	\$ 305
Total Revenues	<u>230,000</u>	<u>230,000</u>	<u>230,305</u>	<u>305</u>
Expenditures				
Current				
Public Safety	69,685	69,685	77,885	(8,200)
Capital Outlay	187,995	187,995	187,995	-
Total Expenditures	<u>257,680</u>	<u>257,680</u>	<u>265,880</u>	<u>(8,200)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,680)</u>	<u>(27,680)</u>	<u>(35,575)</u>	<u>(7,895)</u>
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	<u>27,680</u>	<u>27,680</u>	<u>35,575</u>	<u>7,895</u>
Total Other Financing Sources (Uses)	<u>27,680</u>	<u>27,680</u>	<u>35,575</u>	<u>7,895</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Okaloosa County, Florida
TEEN DRIVER CHALLENGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	70,000	70,000	48,058	21,942
Total Expenditures	70,000	70,000	48,058	21,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,000)	(70,000)	(48,058)	21,942
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	70,000	70,000	48,058	(21,942)
Total Other Financing Sources (Uses)	70,000	70,000	48,058	(21,942)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
SECOND DOLLAR PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	1,095	1,095	-	1,095
Total Expenditures	1,095	1,095	-	1,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,095)	(1,095)	-	1,095
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	1,095	1,095	-	(1,095)
Total Other Financing Sources (Uses)	1,095	1,095	-	(1,095)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
OKALOOSA DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 4,596,500	\$ 5,096,500	\$ 5,059,157	\$ (37,343)
Miscellaneous	486,148	486,148	453,088	(33,060)
Total Revenues	5,082,648	5,582,648	5,512,245	(70,403)
Expenditures				
Current				
General Government	590,750	809,974	190,750	619,224
Debt Service				
Principal	1,355,000	3,005,000	3,005,000	-
Interest	1,613,717	2,486,346	1,975,332	511,014
Other Debt Service Costs	335	134,886	212,836	(77,950)
Total Expenditures	3,559,802	6,436,206	5,383,918	1,052,288
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,522,846	(853,558)	128,327	981,885
Other Financing Sources (Uses)				
Transfers In	1,230,578	1,350,578	1,319,002	31,576
Transfers Out	(3,153,424)	(3,653,424)	(3,653,424)	-
Issuance of Debt	-	2,652,753	2,741,979	(89,226)
Total Other Financing Sources (Uses)	(1,922,846)	349,907	407,557	57,650
Net Change in Fund Balance	(400,000)	(503,651)	535,884	1,039,535
Fund Balance - Beginning	400,000	503,651	503,652	1
Fund Balance - Ending	\$ -	\$ -	\$ 1,039,536	\$ 1,039,536

Okaloosa County, Florida
ROAD AND BRIDGE CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,890,000	\$ 1,890,000	\$ 1,766,846	\$ (123,154)
Intergovernmental	1,975,000	4,645,757	2,455,483	(2,190,274)
Miscellaneous	125,000	125,000	119,713	(5,287)
Total Revenues	<u>3,990,000</u>	<u>6,660,757</u>	<u>4,342,042</u>	<u>(2,318,715)</u>
Expenditures				
Current				
Transportation	1,861,839	4,888,101	2,259,239	2,628,862
Capital Outlay	12,417,161	14,158,778	2,685,862	11,472,916
Total Expenditures	<u>14,279,000</u>	<u>19,046,879</u>	<u>4,945,101</u>	<u>14,101,778</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,289,000)</u>	<u>(12,386,122)</u>	<u>(603,059)</u>	<u>11,783,063</u>
Other Financing Sources (Uses)				
Transfers In	-	204,058	204,058	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>204,058</u>	<u>204,058</u>	<u>-</u>
Net Change in Fund Balance	(10,289,000)	(12,182,064)	(399,001)	11,783,063
Fund Balance - Beginning	<u>10,289,000</u>	<u>12,182,064</u>	<u>12,182,065</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,783,064</u>	<u>\$ 11,783,064</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board of County Commissioner of Okaloosa County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Board has decided that periodic determination of net income is appropriate for accountability purposes.

Inspection and Code Enforcement Fund

This fund is used to account for the license, permit and inspection fees and related expenses for the provision of inspection and code enforcement services to residents of the unincorporated areas of Okaloosa County.

Solid Waste Fund

This fund is used to account for the revenues and expenses associated with the provision of solid waste management within Okaloosa County.

Okaloosa County, Florida
COMBINING STATEMENT ON NET POSITION
NONMAJOR ENTERPRISE FUNDS
PROPRIETARY FUNDS

	Business-type Activities		
	Inspection and Code Enforcement	Solid Waste	Total Nonmajor Enterprise Funds (Exhibit VII)
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 393,828	\$ 963,953	\$ 1,357,781
Investments	172,720	516,748	689,468
Receivables, Net of Allowance for Uncollectible	37,000	700,969	737,969
Due from Other Governments	-	22,239	22,239
Prepays	2,841	-	2,841
Restricted Assets			
Cash and Cash Equivalents			
Customer Deposits	-	23,508	23,508
Total Restricted Assets	-	23,508	23,508
Total Current Assets	606,389	2,227,417	2,833,806
Capital Assets			
Land	-	133,301	133,301
Buildings	-	115,363	115,363
Improvements Other Than Buildings	-	276,776	276,776
Intangible	42,425	-	42,425
Machinery and Equipment	332,840	3,424,655	3,757,495
Less Accumulated Depreciation/Amortization	(340,689)	(2,421,850)	(2,762,539)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	34,576	1,528,245	1,562,821
Total Noncurrent Assets	34,576	1,528,245	1,562,821
Total Assets	\$ 640,965	\$ 3,755,662	\$ 4,396,627
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 119,375	\$ 139,271	\$ 258,646
Total Deferred Outflows of Resources	\$ 119,375	\$ 139,271	\$ 258,646

Continued...

Okaloosa County, Florida
COMBINING STATEMENT ON NET POSITION
NONMAJOR ENTERPRISE FUNDS
PROPRIETARY FUNDS

	Business-type Activities		
	Inspection and Code Enforcement	Solid Waste	Total Nonmajor Enterprise Funds (Exhibit VII)
LIABILITIES			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 7,782	\$ 9,182	\$ 16,964
Contracts Payable	3,958	374,346	378,304
Accrued Liabilities			
Compensated Absences	87,105	63,274	150,379
Closure Costs Payable	-	308,832	308,832
Other Accrued Liabilities	40,977	30,717	71,694
Due to Other Elected Officials	-	118	118
Due to Other Governments	48,728	116	48,844
Deferred Revenue	27,739	-	27,739
Current Liabilities Payable from Restricted Assets			
Customer Deposits Payable	-	23,508	23,508
Total Current Liabilities Payable from Restricted Assets	-	23,508	23,508
Total Current Liabilities	216,289	810,093	1,026,382
Noncurrent Liabilities			
Compensated Absences	80,599	50,665	131,264
Closure Costs Payable	-	4,014,822	4,014,822
Other Post Employment Benefits	16,048	16,220	32,268
Net Pension Liability	591,379	689,944	1,281,323
Total Noncurrent Liabilities	688,026	4,771,651	5,459,677
Total Liabilities	\$ 904,315	\$ 5,581,744	\$ 6,486,059
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 125,996	\$ 146,995	\$ 272,991
Total Deferred Inflows of Resources	\$ 125,996	\$ 146,995	\$ 272,991
NET POSITION			
Net Investment in Capital Assets	\$ 34,576	\$ 1,528,245	\$ 1,562,821
Unrestricted (Deficit)	(304,547)	(3,362,051)	(3,666,598)
Total Net Position (Deficit)	(269,971)	(1,833,806)	(2,103,777)
Total Liabilities and Net Position (Deficit)	\$ 760,340	\$ 3,894,933	\$ 4,655,273

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGE IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-type Activities		
	Inspection and Code Enforcement	Solid Waste	Total Nonmajor Enterprise Funds (Exhibit VIII)
Operating Revenues			
Licenses and Permits	\$ 1,592,104	\$ -	\$ 1,592,104
Charges for Services	214,316	8,013,469	8,227,785
Miscellaneous	125	1,709	1,834
Total Operating Revenues	<u>1,806,545</u>	<u>8,015,178</u>	<u>9,821,723</u>
Operating Expenses			
Personal services	1,078,219	716,947	1,795,166
Contractual Services	481,158	5,668,136	6,149,294
Supplies	27,607	96,816	124,423
Utilities	-	13,307	13,307
Other Operating Expenses	77,124	473,331	550,455
Depreciation/Amortization	13,494	187,019	200,513
Total Operating Expenses	<u>1,677,602</u>	<u>7,155,556</u>	<u>8,833,158</u>
Operating Income (Loss)	<u>128,943</u>	<u>859,622</u>	<u>988,565</u>
Nonoperating Revenues (Expenses)			
Intergovernmental	-	196,953	196,953
Investment Income	3,562	13,597	17,159
Total Nonoperating Revenues (Expenses)	<u>3,562</u>	<u>210,550</u>	<u>214,112</u>
Income (Loss) Before Contributions and Transfers	132,505	1,070,172	1,202,677
Capital Contributions	-	180,398	180,398
Transfers In	-	4,270	4,270
Transfers Out	-	(204,058)	(204,058)
Change in Net Position	132,505	1,050,782	1,183,287
Total Net Position (Deficit) - Beginning as Restated	<u>(402,476)</u>	<u>(2,884,588)</u>	<u>(3,287,064)</u>
Total Net Position (Deficit) - Ending	<u>\$ (269,971)</u>	<u>\$ (1,833,806)</u>	<u>\$ (2,103,777)</u>

**Board of County Commissioners
Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2015**

	Business-type Activities		
	Inspection and Code Enforcement	Solid Waste	Total Nonmajor Enterprise Funds (Exhibit IV)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,811,780	\$ 7,960,592	\$ 9,772,372
Payments to Suppliers	(559,226)	(6,571,315)	(7,130,541)
Payments to Employees	(1,085,326)	(735,226)	(1,820,552)
Net Cash Provided (Used) by Operating Activities	167,228	654,051	821,279
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Subsidy - Intergovernmental Revenue	-	174,714	174,714
Transfers In	-	4,270	4,270
Net Interfund Activity	-	(204,058)	(204,058)
Net Cash Provided (Used) by Non-capital Financing Activities	-	(25,074)	(25,074)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(23,365)	(525,949)	(549,314)
Net cash provided (used) by capital and related financing activities	(23,365)	(525,949)	(549,314)
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	2,787	10,504	13,291
Net Cash Provided (Used) by Investing Activities	2,787	10,504	13,291
Net Increase (Decrease) in Cash and Cash Equivalents	146,650	113,532	260,182
Cash and Cash Equivalents - Beginning of Year	247,178	873,929	1,121,107
Cash and Cash Equivalents - End of Year	\$ 393,828	\$ 987,461	\$ 1,381,289

Continued...

**Board of County Commissioners
Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2015**

	Business-type Activities		
	Inspection and Code Enforcement	Solid Waste	Total Nonmajor Enterprise Funds (Exhibit IV)
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ 393,828	\$ 963,953	\$ 1,357,781
Restricted assets	-	23,508	23,508
Total	\$ 393,828	\$ 987,461	\$ 1,381,289
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 128,943	\$ 859,622	\$ 988,565
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	13,494	187,019	200,513
Decrease (Increase) in Assets			
Accounts Receivables	(3,453)	(54,587)	(58,040)
Due from Other Elected Officials	(2,841)	-	(2,841)
Deferred Outflows	(50,513)	(58,932)	(109,445)
Increase (Decrease) in Liabilities			
Accounts Payable	(2,129)	(27,638)	(29,767)
Service Contracts Payable	3,485	(17,453)	(13,968)
Due to Other Elected Officials	-	118	118
Due to Other Governments	28,147	(380)	27,767
Compensated Absences Payable	20,636	14,353	34,989
Other Accrued Liabilities	10,554	12,046	22,600
Closure Costs Payable	-	(274,371)	(274,371)
Unearned Revenue	8,689	-	8,689
Other Post Employment Benefits	1,536	1,792	3,328
Net Pension Liability	218,549	(242,514)	(23,965)
Deferred Inflows	(207,869)	254,976	47,107
Net Cash Provided (Used) by Operating Activities	\$ 167,228	\$ 654,051	\$ 821,279

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Board of County Commissioners of Okaloosa County and to other government units, on a cost reimbursement basis.

Board of County Commissioners

Self Insurance

This fund is used to account for premiums and claims associated with the provision of self-insurance programs for Okaloosa County.

Garage Service Fund

This fund is used to account for user charges and expenses associated with vehicle maintenance and the centralized distribution of gasoline and special fuel to various Okaloosa County Departments as well as other County agencies.

Clerk of Circuit Court

Compensated Absences Fund

This fund is used to accumulate and fund the short-term portion of compensated absence liability for the Clerk of Circuit Court.

Sheriff

Compensated Absences Fund

This fund is used to accumulate and fund the short-term portion of compensated absence liability for the Sheriff.

Health Benefits Self Insurance Fund

This fund is used to account for premiums and claims associated with the provision of self-insurance of health benefits for the Sheriff and to record the liability for other post employment benefits provided to the retirees of the Sheriff.

Okaloosa County, Florida
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2015

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,127,522	\$ 71,731	\$ 184,820
Investments	29,789	-	-
Receivables, Net of Allowance for Uncollectible	25,555	3,635	-
Due from Other Funds	-	-	-
Due from Other Elected Officials	-	586	-
Due from Other Governments	-	842,580	-
Inventory	-	244,384	-
Prepays	11,810	-	-
	<u>2,194,676</u>	<u>1,162,916</u>	<u>184,820</u>
Noncurrent Assets			
Capital Assets			
Land	-	316,861	-
Buildings	-	900,466	-
Improvements Other Than Buildings	-	257,345	-
Machinery and Equipment	10,393	2,546,236	-
Less Accumulated Depreciation/Amortization	(6,614)	(3,372,450)	-
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	<u>3,779</u>	<u>648,458</u>	<u>-</u>
Total Noncurrent Assets	<u>3,779</u>	<u>648,458</u>	<u>-</u>
Total Assets	<u>\$ 2,198,455</u>	<u>\$ 1,811,374</u>	<u>\$ 184,820</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 29,844	\$ 208,906	\$ -
Total Deferred Outflows of Resources	<u>\$ 29,844</u>	<u>\$ 208,906</u>	<u>\$ -</u>

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ 870,580	\$ 2,878,382	\$ 6,133,035
-	-	29,789
-	115	29,305
57,679	-	57,679
-	-	586
-	-	842,580
-	-	244,384
-	-	11,810
928,259	2,878,497	7,349,168
-	-	316,861
-	-	900,466
-	-	257,345
-	-	2,556,629
-	-	(3,379,064)
-	-	652,237
-	-	652,237
\$ 928,259	\$ 2,878,497	\$ 8,001,405
\$ -	\$ -	\$ 238,750
\$ -	\$ -	\$ 238,750

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2015

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
LIABILITIES			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 1,812	\$ 97,739	\$ -
Contracts Payable	781,194	79,857	-
Accrued Liabilities			
Compensated Absences	9,959	94,012	184,820
Claims and Judgments	1,164,017	-	-
Other Accrued Liabilities	4,222	47,409	-
Due to Other Funds	-	1,400,000	-
Due to Other Elected Officials	178	11	-
Due To Other Governments	6,734	98	-
Deferred Revenue	10,677	-	-
	<u>1,978,793</u>	<u>1,719,126</u>	<u>184,820</u>
Total Current Liabilities			
Noncurrent Liabilities			
Compensated Absences	8,266	83,467	-
Claims and Judgments	2,386,476	-	-
Other Post Employment Benefits	3,476	22,281	-
Net Pension Liability	147,844	1,034,913	-
	<u>2,546,062</u>	<u>1,140,661</u>	<u>-</u>
Total Noncurrent Liabilities			
	<u>\$ 4,524,855</u>	<u>\$ 2,859,787</u>	<u>\$ 184,820</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 31,499	\$ 220,493	\$ -
	<u>\$ 31,499</u>	<u>\$ 220,493</u>	<u>\$ -</u>
Total Deferred Inflows of Resources			
NET POSITION			
Net Investment in Capital Assets	\$ 3,779	\$ 648,458	\$ -
Unrestricted (Deficit)	(2,331,834)	(1,708,458)	-
	<u>(2,328,055)</u>	<u>(1,060,000)</u>	<u>-</u>
Total Net Position (Deficit)			
	<u>\$ 2,228,299</u>	<u>\$ 2,020,280</u>	<u>\$ 184,820</u>
Total Liabilities and Net Position (Deficit)			

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ -	\$ 6,868	\$ 106,419
-	-	861,051
928,259	-	1,217,050
-	587,412	1,751,429
-	-	51,631
-	-	1,400,000
-	-	189
-	-	6,832
-	-	10,677
928,259	594,280	5,405,278
-	-	91,733
-	-	2,386,476
-	4,148,209	4,173,966
-	-	1,182,757
-	4,148,209	7,834,932
\$ 928,259	\$ 4,742,489	\$ 13,240,210
\$ -	\$ -	\$ 251,992
\$ -	\$ -	\$ 251,992
\$ -	\$ -	\$ 652,237
-	(1,863,992)	(5,904,284)
-	(1,863,992)	(5,252,047)
\$ 928,259	\$ 2,878,497	\$ 8,240,155

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2015

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
Operating Revenues			
Charges for Services	\$ 12,586,740	\$ 4,585,894	\$ 89,488
Miscellaneous	13,257	10,445	-
Total Operating Revenues	12,599,997	4,596,339	89,488
Operating Expenses			
Personal Services	148,391	1,251,300	89,488
Contractual Services	110,980	8,714	-
Supplies	4,137	3,224,078	-
Insurance Premiums and Claims	12,376,284	-	-
Utilities	-	6,332	-
Other Operating Expenses	15,330	350,112	-
Depreciation/Amortization	1,080	46,116	-
Total Operating Expenses	12,656,202	4,886,652	89,488
Operating Income (Loss)	(56,205)	(290,313)	-
Nonoperating Revenues (Expenses)			
Investment Income (Loss)	17,353	(11,683)	-
Gain/Loss on Disposal of Capital Assets	-	193,145	-
Total Nonoperating Revenues (Expenses)	17,353	181,462	-
Income (Loss) Before			
Contributions and Transfers	(38,852)	(108,851)	-
Capital Contributions	-	5,367	-
Operating Transfers In	400,000	-	-
Operating Transfers Out	(880,000)	-	-
Change in Net Position	(518,852)	(103,484)	-
Total Net Position (Deficit) - Beginning Restated	(1,809,203)	(956,516)	-
Total Net Position (Deficit)- Ending	\$ (2,328,055)	\$ (1,060,000)	\$ -

Statement C-2

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ 57,679	\$ 4,282,019	\$ 21,601,820
-	-	23,702
57,679	4,282,019	21,625,522
57,679	141,859	1,688,717
-	303,639	423,333
-	-	3,228,215
-	4,333,541	16,709,825
-	-	6,332
-	-	365,442
-	-	47,196
57,679	4,779,039	22,469,060
-	(497,020)	(843,538)
-	5,063	10,733
-	-	193,145
-	5,063	203,878
-	(491,957)	(639,660)
-	-	5,367
-	-	400,000
-	-	(880,000)
-	(491,957)	(1,114,293)
-	(1,372,035)	(4,137,754)
\$ -	\$ (1,863,992)	\$ (5,252,047)

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2015

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 12,219,959	\$ 4,573,989	\$ -
Receipts from Interfund Services Provided	-	-	-
Payments to Suppliers	(11,845,281)	(3,243,552)	-
Payments to Employees	(153,366)	(1,310,740)	(89,488)
Net Cash Provided (Used) by Operating Activities	<u>221,312</u>	<u>19,697</u>	<u>(89,488)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers In	400,000	-	-
Transfers Out	(880,000)	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(480,000)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(4,107)	(281,718)	-
Proceeds from Disposal of Capital Assets	17,353	309,053	-
Capital Contributions	-	5,367	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>13,246</u>	<u>32,702</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	-	(11,683)	-
Interest Income	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(11,683)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(245,442)	40,716	(89,488)
Cash and Cash Equivalents - Beginning of Year	<u>2,372,964</u>	<u>31,015</u>	<u>274,308</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,127,522</u>	<u>\$ 71,731</u>	<u>\$ 184,820</u>

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IV)
\$ -	\$ -	\$ 16,793,948
-	4,281,904	4,281,904
-	(4,783,664)	(19,872,497)
(499,020)	-	(2,052,614)
(499,020)	(501,760)	(849,259)
-	-	400,000
-	-	(880,000)
-	-	(480,000)
-	-	(285,825)
-	-	326,406
-	-	5,367
-	-	45,948
-	-	(11,683)
-	5,063	5,063
-	5,063	(6,620)
(499,020)	(496,697)	(1,289,931)
1,369,600	3,375,079	7,422,966
\$ 870,580	\$ 2,878,382	\$ 6,133,035

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2015

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ 2,127,522	\$ 71,731	\$ 184,820
Total	\$ 2,127,522	\$ 71,731	\$ 184,820
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (56,205)	\$ (290,313)	\$ -
 Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	1,080	46,116	-
 Decrease (Increase) in Assets			
Accounts Receivable	(11,118)	4,567	-
Due from Other Elected Officials	-	(298)	-
Due from Other Governments	-	(26,917)	-
Due from Other Funds	-	-	-
Inventories	-	20,796	-
Prepaid Expenses	(1,363)	6,653	-
Deferred Outflows	(12,629)	(88,396)	-
 Increase (Decrease) in Liabilities			
Accounts Payable	(2,477)	(7,194)	-
Service Contracts Payable	689,733	75,727	-
Due to Other Funds	-	250,000	-
Due to Other Elected Officials	134	-	-
Due to Other Governments	(24,577)	-	-
Compensated Absences Payable	1,962	(4,903)	(89,488)
Claims and Judgments Payable	(369,102)	-	-
Other Accrued Liabilities	2,638	12,482	-
Unearned Revenue	182	-	-
Other Post Employment Benefits	384	2,688	-
Net Pension Liability	54,637	382,460	-
Deferred Inflows	(51,967)	(363,771)	-
Total Adjustments	277,517	310,010	(89,488)
 Net Cash Provided (Used) by Operating Activities	\$ 221,312	\$ 19,697	\$ (89,488)

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IV)
\$ 870,580	\$ 2,878,382	6,133,035
<u>\$ 870,580</u>	<u>\$ 2,878,382</u>	<u>\$ 6,133,035</u>
\$ -	\$ (497,020)	(843,538)
-	-	47,196
-	(115)	(6,666)
-	-	(298)
-	-	(26,917)
(57,679)	-	(57,679)
-	-	20,796
-	-	5,290
-	-	(101,025)
-	1,756	(7,915)
-	-	765,460
(499,020)	-	(249,020)
-	-	134
-	-	(24,577)
57,679	-	(34,750)
-	(148,240)	(517,342)
-	-	15,120
-	-	182
-	141,859	144,931
-	-	437,097
-	-	(415,738)
<u>(499,020)</u>	<u>(4,740)</u>	<u>(5,721)</u>
<u>\$ (499,020)</u>	<u>\$ (501,760)</u>	<u>\$ (849,259)</u>

Agency Funds

Agency funds are used to account for assets held by the Okaloosa County as agent for individuals, private organizations, other governments, and/or other funds.

Clerk of Circuit Court

Fine and Forfeiture Fund

This fund is used to account for the collection and disbursement of fines and court costs to Okaloosa County, State of Florida, and Municipalities. These fines and costs sources are generated from traffic, misdemeanor, felony and court ordered probation.

Jury and Witness Fund

This fund is used to account for the juror and witness payments received from Okaloosa County and State of Florida and subsequent disbursement to jurors and witnesses for court services.

Tax Deed Fund

This fund is used to account for the collection and disbursement of child support and alimony payments, pursuant to orders of the court.

Support Fund

This fund is used to account for the collection and disbursement of child support and alimony payments, pursuant to orders of the court.

Registry of Court Fund

This fund is used to account for court ordered deposits that are held pending litigation and disbursed based on final disposition by the court.

Board of County Commissioners Trust Fund

This fund is used to account for collection of recording fees collected by the Clerk's office and remitted to the Board of County Commissioners to fund judicial information technology.

State Trust Fund

This fund is used to account for various taxes, fees and service charges collected by the Clerk's office and remitted to the State of Florida.

Probation Fee Trust Fund

This fund is used to account for collection of certain court costs on traffic and misdemeanor cases and their subsequent disbursement to either JCS or Bridgeway Center, Inc., as applicable, to fund education costs.

Escrow Trust Fund

This fund is used to account for deposits from title companies and is used to pay for monthly copy usage. These accounts are reconciled monthly and copy revenue earned is transferred to the Clerk's General Fund. This fund also accounts for escrow funds from Circuit and County Court cases.

Juvenile Trust Fund

This fund is used to account for the collection and disbursement of Juvenile Restitution payments, pursuant to orders of the court. These funds are disbursed to the victim in each case.

Foreclosure Escrow Trust Fund

This fund is used to account for court ordered deposits from foreclosure sales until final certificates of disbursement are issued.

Cash Bond Trust Fund

This fund is used to account for the receipt and disbursement of cash bond monies as directed by the court.

Sheriff

Individual Depositors Fund

This fund is used to account for the collection and disbursement of statutory fees for services performed by the Sheriff.

Suspense (Levies) Fund

This fund is used to account for monies collected and disbursed pursuant to levies.

Tax Collector

Disbursements Fund

This fund is used to account for collection of current and delinquent property tax assessments; business tax receipts for Okaloosa County, municipalities and other taxing districts; automobile and boat tags, titles and other related fees for the Florida Department of Motor Vehicles; and, to account for the collection of hunting and fishing licenses fees for the Florida Department of Natural Resources.

Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2015

	Fine and Forfeiture	Jury and Witness	Tax Deed	Support	Registry of Court	BCC Trust	State Trust	Probation Fee Trust
ASSETS								
Cash and Cash Equivalents	\$ 458,025	\$ 39,816	\$ 664,650	\$ 97,387	\$ 2,016,464	\$ 31,492	\$ 293,770	\$ -
Accounts Receivable	-	-	-	3,727	-	-	-	-
Due from Other Elected Officials	110	-	-	-	-	-	-	-
Total Assets	458,135	39,816	664,650	101,114	2,016,464	31,492	293,770	-
LIABILITIES								
Liabilities								
Due to Other Funds	-	-	-	6,885	3,413	\$ -	\$ -	\$ -
Due to Other Elected Officials	108,594	-	-	-	-	31,492	-	-
Due to Other Governments	349,541	-	-	459	-	-	293,770	-
Due to Depositors	-	39,816	664,650	93,770	2,013,051	-	-	-
Taxes Collected in Advance for Other Governments	-	-	-	-	-	-	-	-
Total Liabilities	458,135	39,816	664,650	101,114	2,016,464	31,492	293,770	-
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2015

	Escrow Trust	Juvenile Trust	Foreclosure Escrow Trust	Cash Bond Trust	Individual Depositors	Suspense (Levies)	Disbursements	Total Agency Funds (Exhibit V)
ASSETS								
Cash and Cash Equivalents	\$ 151,412	\$ 1,816	\$ 943,365	\$ 197,930	\$ 7,230	\$ 10,451	\$ 1,728,745	\$ 6,642,553
Accounts Receivable	-	-	140	-	-	-	4,493	8,360
Due from Other Elected Officials	-	-	-	-	-	-	-	110
Total Assets	151,412	1,816	943,505	197,930	7,230	10,451	1,733,238	6,651,023
LIABILITIES								
Liabilities								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,298
Due to Other Elected Officials	-	-	-	-	7,230	-	-	147,316
Due to Other Governments	-	-	-	-	-	-	23,881	667,651
Due to Depositors	151,412	1,816	943,505	197,930	-	10,451	40,757	4,157,158
Taxes Collected in Advance for Other Governments	-	-	-	-	-	-	1,668,600	1,668,600
Total Liabilities	151,412	1,816	943,505	197,930	7,230	10,451	1,733,238	6,651,023
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2015

	Balances October 1, 2014	Additions	Deletions	Balances September 30, 2015
FINE AND FORFEITURE AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 475,016	\$ 5,891,872	\$ 5,908,863	\$ 458,025
Accounts Receivable	183	296	479	-
Due from Other Elected Officials	190	110	190	110
Total Assets	<u>\$ 475,389</u>	<u>\$ 5,892,278</u>	<u>\$ 5,909,532</u>	<u>\$ 458,135</u>
LIABILITIES				
Due to Other Elected Officials	\$ 116,725	\$ 1,458,817	\$ 1,466,948	\$ 108,594
Due to Other Governments	358,664	4,416,432	4,425,555	349,541
Total Liabilities	<u>\$ 475,389</u>	<u>\$ 5,875,249</u>	<u>\$ 5,892,503</u>	<u>\$ 458,135</u>
JURY AND WITNESS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 41,297	\$ 15,156	\$ 16,637	\$ 39,816
LIABILITIES				
Due to Depositors	\$ 41,297	\$ 15,156	\$ 16,637	\$ 39,816
TAX DEED AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 609,389	\$ 628,181	\$ 572,920	\$ 664,650
LIABILITIES				
Due to Depositors	\$ 609,389	\$ 628,181	\$ 572,920	\$ 664,650
SUPPORT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 97,607	\$ 4,042,561	\$ 4,042,781	\$ 97,387
Accounts Receivable	3,319	12,066	11,658	3,727
Total Assets	<u>\$ 100,926</u>	<u>\$ 4,054,627</u>	<u>\$ 4,054,439</u>	<u>\$ 101,114</u>
LIABILITIES				
Due to Other Funds	\$ 6,514	\$ 3,425	\$ 3,054	\$ 6,885
Due to Other Governments	423	5,874	5,838	459
Due to Depositors	93,989	3,861,282	3,861,501	93,770
Total Liabilities	<u>\$ 100,926</u>	<u>\$ 3,870,581</u>	<u>\$ 3,870,393</u>	<u>\$ 101,114</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2015

	Balances October 1, 2014	Additions	Deletions	Balances September 30, 2015
REGISTRY OF COURT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 2,544,465	\$ 13,149,366	\$ 13,677,367	\$ 2,016,464
LIABILITIES				
Due to Other Funds	\$ 1,089	\$ 179,577	\$ 177,253	\$ 3,413
Due to Depositors	2,543,376	13,581,790	14,112,115	2,013,051
Total Liabilities	\$ 2,544,465	\$ 13,761,367	\$ 14,289,368	\$ 2,016,464
BOARD OF COUNTY COMMISSIONERS TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 26,552	\$ 370,304	\$ 365,364	\$ 31,492
LIABILITIES				
Due to Other Elected Officials	\$ 26,552	\$ 370,304	\$ 365,364	\$ 31,492
STATE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 22,464,072	\$ 22,170,302	\$ 293,770
LIABILITIES				
Due to Other Governments	\$ -	\$ 22,464,072	\$ 22,170,302	\$ 293,770
PROBATION FEE TRUST FUND				
ASSETS				
Cash and Cash Equivalents	\$ 181	\$ 1,841	\$ 2,022	\$ -
LIABILITIES				
Due to Depositors	\$ 181	\$ 1,841	\$ 2,022	\$ -
ESCROW TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 153,146	\$ 610,103	\$ 611,837	\$ 151,412
LIABILITIES				
Due to Depositors	\$ 153,146	\$ 610,103	\$ 611,837	\$ 151,412

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2015

	Balances October 1, 2014	Additions	Deletions	Balances September 30, 2015
JUVENILE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,633	\$ 13,055	\$ 12,872	\$ 1,816
LIABILITIES				
Due to Depositors	\$ 1,633	\$ 13,055	\$ 12,872	\$ 1,816
FORECLOSURE ESCROW TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 872,061	\$ 13,349,678	\$ 13,278,374	\$ 943,365
Accounts Receivable	-	140	-	140
	<u>\$ 872,061</u>	<u>\$ 13,349,818</u>	<u>\$ 13,278,374</u>	<u>\$ 943,505</u>
LIABILITIES				
Due to Other Funds	\$ 1,743	\$ -	\$ 1,743	\$ -
Due to Depositors	870,318	13,349,678	13,276,491	943,505
	<u>\$ 872,061</u>	<u>\$ 13,349,678</u>	<u>\$ 13,278,234</u>	<u>\$ 943,505</u>
CASH BOND TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 445,214	\$ 619,399	\$ 866,683	\$ 197,930
LIABILITIES				
Due to Depositors	\$ 445,214	\$ 619,399	\$ 866,683	\$ 197,930
INDIVIDUAL DEPOSITORS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 14,867	\$ -	\$ 7,637	\$ 7,230
LIABILITIES				
Due to Other Elected Officials	\$ 14,867	\$ -	\$ 7,637	\$ 7,230
SUSPENSE (LEVIES) AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 6,272	\$ 4,179	\$ -	\$ 10,451
LIABILITIES				
Due to Depositors	\$ 6,272	\$ 4,179	\$ -	\$ 10,451

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2015

	Balances October 1, 2014	Additions	Deletions	Balances September 30, 2015
DISBURSEMENTS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,538,649	\$ 247,671,269	\$ 247,481,173	\$ 1,728,745
Accounts Receivable	12,211	4,493	12,211	4,493
Total Assets	<u>\$ 1,550,860</u>	<u>\$ 247,675,762</u>	<u>\$ 247,493,384</u>	<u>\$ 1,733,238</u>
LIABILITIES				
Due to Other Funds	\$ -	\$ 178,575,460	\$ 178,575,460	\$ -
Due to Other Elected Officials	-	5,837,772	5,837,772	-
Due to Other Governments	25,109	59,949,751	59,950,979	23,881
Due to Depositors	51,166	40,757	51,166	40,757
Taxes Collected in Advance	1,474,585	3,272,022	3,078,007	1,668,600
Total Liabilities	<u>\$ 1,550,860</u>	<u>\$ 247,675,762</u>	<u>\$ 247,493,384</u>	<u>\$ 1,733,238</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 6,826,349	\$ 308,831,036	\$ 309,014,832	\$ 6,642,553
Accounts Receivable	15,713	16,995	24,348	8,360
Due from Other Elected Officials	190	110	190	110
Total Assets	<u>\$ 6,842,252</u>	<u>\$ 308,848,141</u>	<u>\$ 309,039,370</u>	<u>\$ 6,651,023</u>
LIABILITIES				
Due to Other Funds	\$ 9,346	\$ 178,758,462	\$ 178,757,510	\$ 10,298
Due to Other Elected Officials	158,144	7,666,893	7,677,721	147,316
Due to Other Governments	384,196	86,836,129	86,552,674	667,651
Due to Depositors	4,815,981	32,725,421	33,384,244	4,157,158
Taxes Collected in Advance	1,474,585	3,272,022	3,078,007	1,668,600
Total Liabilities	<u>\$ 6,842,252</u>	<u>\$ 309,258,927</u>	<u>\$ 309,450,156</u>	<u>\$ 6,651,023</u>

Statistical Section

Statistical Section

This part of Okaloosa County, Florida's comprehensive annual financial report presents detailed information as a context of understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. The following types of schedules are included.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

The statistical schedule mandated by the GASB's Codification, Section 2800, concerning legal debt margin is omitted because the County has no established debt limitation.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

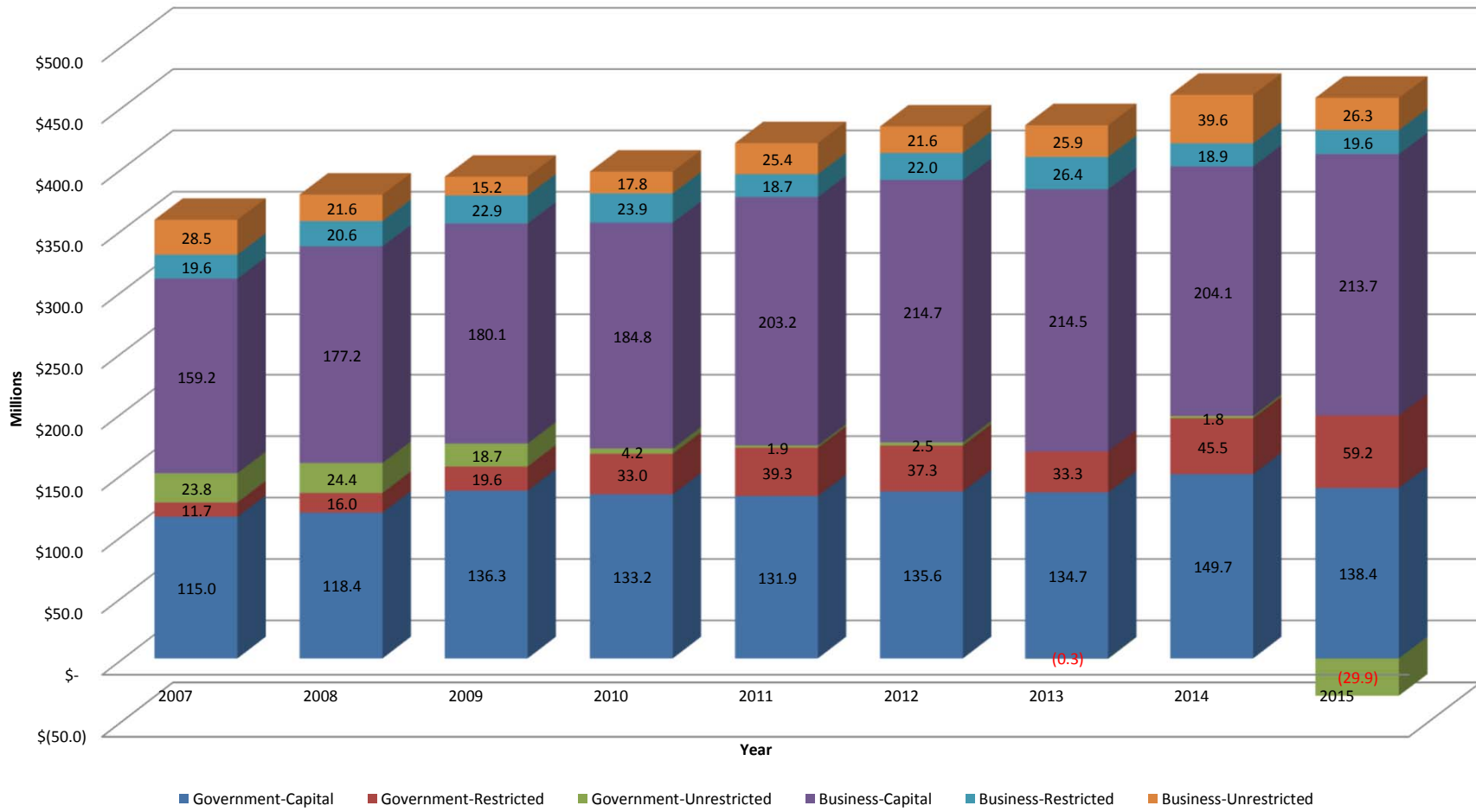
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY CATEGORY - LAST NINE FISCAL YEARS * - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES:									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$114,990	\$118,399	\$136,255	\$133,206	\$131,864	\$135,627	\$134,735	\$149,700	\$138,402
RESTRICTED:									
DEBT SERVICE	\$491	\$467	\$485	\$1,174	\$431	\$994	\$463	\$504	\$1,039
OTHER PURPOSES	\$11,190	\$15,537	\$19,153	\$31,866	\$38,864	\$36,326	\$32,871	\$45,004	\$58,132
UNRESTRICTED (DEFICIT)	\$23,766	\$24,418	\$18,709	\$4,244	\$1,865	\$2,534	(\$265)	\$1,846	(\$29,906)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$150,437	\$158,821	\$174,602	\$170,490	\$173,024	\$175,481	\$167,804	\$197,054	\$167,667
BUSINESS-TYPE ACTIVITIES									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$159,248	\$177,168	\$180,105	\$184,811	\$203,224	\$214,734	\$214,514	\$204,110	\$213,694
RESTRICTED:									
DEBT SERVICE	\$8,388	\$10,068	\$12,650	\$13,654	\$7,579	\$10,262	\$9,496	\$9,964	\$8,643
OTHER PURPOSES	\$11,167	\$10,570	\$10,262	\$10,249	\$11,090	\$11,773	\$16,888	\$8,956	\$10,969
UNRESTRICTED	\$28,517	\$21,632	\$15,200	\$17,827	\$25,367	\$21,613	\$25,916	\$39,603	\$26,319
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	\$207,320	\$219,438	\$218,217	\$226,541	\$247,260	\$258,382	\$266,814	\$262,633	\$259,625
PRIMARY GOVERNMENT									
NET INVESTMENT IN CAPITAL ASSETS	\$274,238	\$295,567	\$316,360	\$318,017	\$335,088	\$350,361	\$349,249	\$353,810	\$352,096
RESTRICTED:									
DEBT SERVICE	\$8,879	\$10,535	\$13,135	\$14,828	\$8,010	\$11,256	\$9,959	\$10,468	\$9,682
OTHER PURPOSES	\$22,357	\$26,107	\$29,415	\$42,115	\$49,954	\$48,099	\$49,759	\$53,960	\$69,101
UNRESTRICTED	\$52,283	\$46,050	\$33,909	\$22,071	\$27,232	\$24,147	\$25,651	\$41,449	(\$3,587)
TOTAL PRIMARY GOVERNMENT NET POSITION	\$357,757	\$378,259	\$392,819	\$397,031	\$420,284	\$433,863	\$434,618	\$459,687	\$427,292

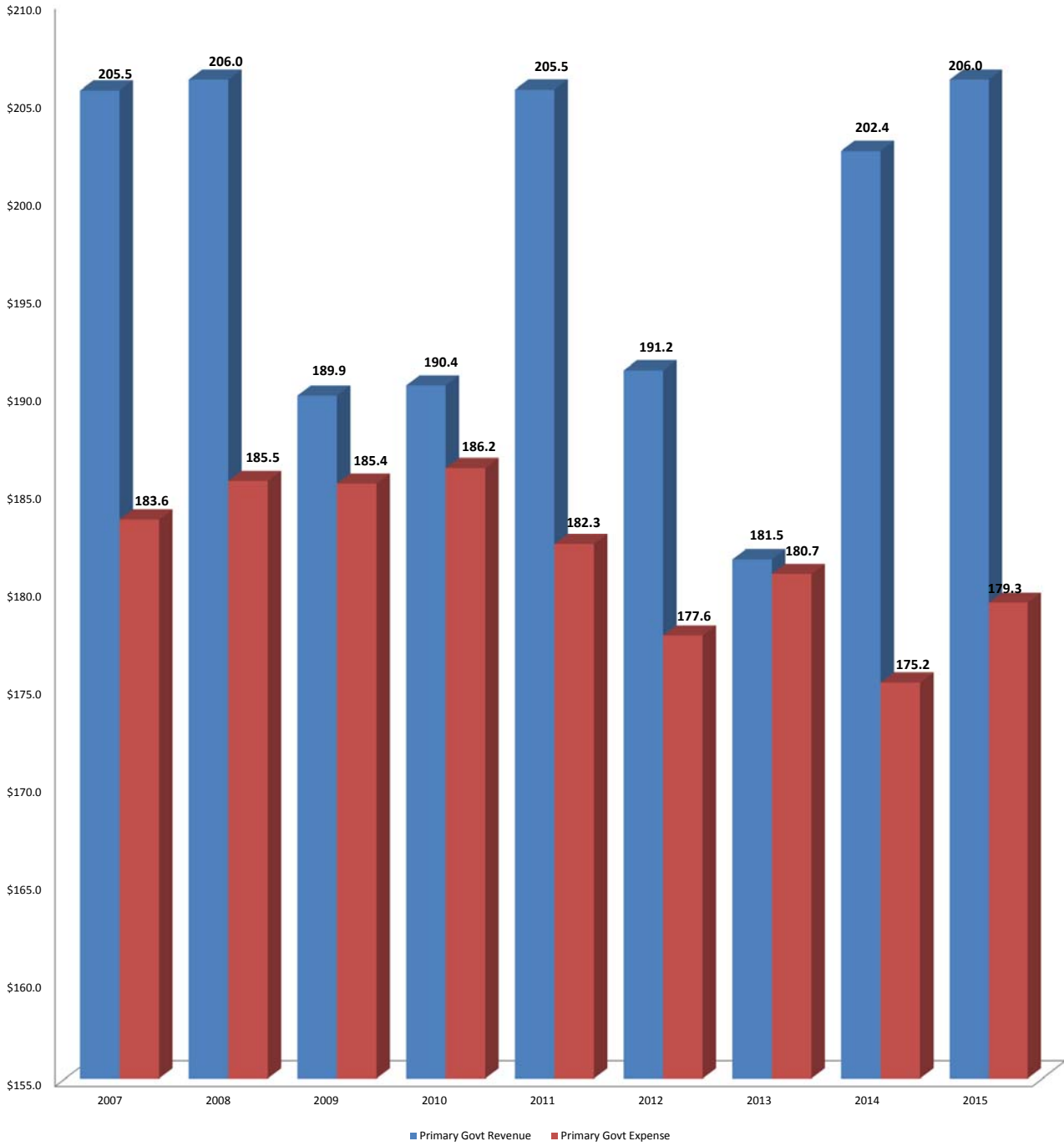
Net Position by Category Last Ten Fiscal Years



CHANGES IN NET POSITION - LAST NINE FISCAL YEARS * - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES									
GOVERNMENTAL ACTIVITIES:									
GENERAL GOVERNMENT	\$31,202	\$34,777	\$31,008	\$32,146	\$31,726	\$30,552	\$28,715	\$29,543	\$30,449
PUBLIC SAFETY	47,315	49,963	53,499	47,995	45,335	46,360	45,296	47,804	49,096
PHYSICAL ENVIRONMENT	897	1,138	867	2,594	2,148	933	1,502	1,178	1,139
TRANSPORTATION	16,809	17,229	18,901	18,922	17,728	16,245	14,632	13,712	14,349
ECONOMIC ENVIRONMENT	6,581	6,471	7,456	8,980	9,290	5,563	4,983	6,174	6,432
HUMAN SERVICES	4,851	4,964	5,110	4,672	4,454	4,352	4,500	4,277	4,535
CULTURE AND RECREATION	8,496	5,069	4,500	5,031	4,007	5,902	11,997	7,521	7,317
COURT-RELATED	11,661	9,088	8,082	7,390	7,118	6,634	7,589	7,406	8,154
INTEREST AND FISCAL CHARGES	264	181	116	1,138	1,531	1,692	1,745	1,526	2,659
TOTAL GOVERNMENTAL EXPENSES	\$128,076	\$128,880	\$129,539	\$128,868	\$123,337	\$118,233	\$120,959	\$119,141	\$124,130
BUSINESS-TYPE ACTIVITIES:									
WATER AND SEWER	\$25,078	\$25,057	\$24,067	\$25,752	\$27,124	\$26,149	\$27,657	\$25,122	\$26,444
AIRPORT	7,649	8,363	9,804	10,575	12,527	12,928	12,450	13,223	12,415
SOLID WASTE	9,517	9,757	8,404	7,757	6,874	7,438	7,684	8,566	1,678
INSPECTIONS	2,207	1,582	1,245	7,561	1,149	1,600	1,588	1,541	7,155
EMERGENCY MEDICAL SERVICES	6,770	7,326	7,504	1,241	7,495	6,933	7,234	7,587	7,440
CONFERENCE CENTER	4,258	4,556	4,817	4,424	3,754	4,301	3,153	0	0
TOTAL BUSINESS-TYPE EXPENSES	\$55,479	\$56,641	\$55,841	\$57,310	\$58,923	\$59,349	\$59,766	\$56,039	\$55,132
TOTAL PRIMARY GOVERNMENT EXPENSES	\$183,555	\$185,521	\$185,380	\$186,178	\$182,260	\$177,582	\$180,725	\$175,180	\$179,262
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:									
CHARGES FOR SERVICES									
GENERAL GOVERNMENTAL	\$12,503	\$11,996	\$10,590	\$10,488	\$11,002	\$12,364	\$11,378	\$11,482	\$12,538
OTHER	14,433	17,218	17,359	12,287	15,752	13,332	14,090	11,829	13,423
OPERATING GRANTS AND CONTRIBUTIONS	10,986	6,167	10,843	9,867	7,675	8,354	5,845	7,379	6,738
CAPITAL GRANTS AND CONTRIBUTIONS	526	579	7,611	4,287	2,611	6,240	1,249	1,716	1,393
TOTAL GOVERNMENT PROGRAM REVENUE	\$38,448	\$35,960	\$46,403	\$36,929	\$37,040	\$40,290	\$32,562	\$32,406	\$34,092
BUSINESS-TYPE ACTIVITIES:									
CHARGES FOR SERVICES									
WATER & SEWER	\$22,403	\$24,207	\$22,662	\$24,107	\$25,686	\$26,025	\$26,778	\$28,746	\$28,239
OTHER	23,750	25,857	25,613	26,086	27,742	28,186	29,176	25,461	25,255
OPERATING GRANTS AND CONTRIBUTIONS	1,081	771	584	797	548	338	528	264	272
CAPITAL GRANTS AND CONTRIBUTIONS	9,927	9,204	6,226	9,027	18,035	10,292	4,720	18,962	10,860
TOTAL BUSINESS-TYPE PROGRAM REVENUE	\$57,161	\$60,039	\$55,085	\$60,017	\$72,011	\$64,841	\$61,202	\$73,433	\$64,626
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$95,609	\$95,999	\$101,488	\$96,946	\$109,051	\$105,131	\$93,764	\$105,839	\$98,718
NET (EXPENSE)/REVENUE									
GOVERNMENTAL ACTIVITIES	(\$89,628)	(\$92,920)	(\$83,136)	(\$91,939)	(\$86,297)	(\$77,943)	(\$88,397)	(\$86,735)	(\$90,038)
BUSINESS-TYPE ACTIVITIES	\$1,682	\$3,398	(\$756)	\$2,707	\$13,088	\$5,492	\$1,436	\$17,394	\$9,494
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(\$87,946)	(\$89,522)	(\$83,892)	(\$89,232)	(\$73,209)	(\$72,451)	(\$86,961)	(\$69,341)	(\$80,544)
GENERAL REVENUES									
GOVERNMENTAL ACTIVITIES:									
TAXES	\$73,868	\$76,704	\$68,952	\$64,567	\$61,192	\$58,759	\$58,010	\$68,740	\$73,101
STATE SHARED REVENUE	19,004	17,573	16,130	15,801	16,880	17,041	17,801	22,673	23,228
GRANT AND CONTRIBUTIONS NOT RESTRICTED	782	2,033	256	1,725	6,622	360	124	146	3
OTHER	4,725	3,710	3,783	5,734	4,137	4,241	4,785	2,951	5,831
TOTAL GOVERNMENTAL ACTIVITIES	\$98,379	\$100,020	\$89,121	\$87,827	\$88,831	\$80,401	\$80,720	\$94,510	\$102,163
BUSINESS-TYPE ACTIVITIES:									
TAXES	\$6,746	\$6,869	\$5,825	\$4,830	\$6,810	\$6,780	\$6,709	\$1,111	\$1,504
STATE SHARED REVENUE	0	0	0	0	0	0	0	0	0
GRANT AND CONTRIBUTIONS NOT RESTRICTED	(300)	96	25	0	0	0	0	0	0
OTHER	5,037	3,039	(6,594)	786	823	(1,151)	287	927	3,641
TOTAL BUSINESS-TYPE ACTIVITIES	\$11,483	\$10,004	(\$744)	\$5,616	\$7,633	\$5,629	\$6,996	\$2,038	\$5,145
CHANGES IN NET POSITION									
GOVERNMENTAL ACTIVITIES	\$8,751	\$7,100	\$5,985	(\$4,112)	\$2,534	\$2,458	(\$7,677)	\$7,775	\$12,125
BUSINESS-TYPE ACTIVITIES	\$13,165	\$13,402	(\$1,500)	\$8,323	\$20,721	\$11,121	\$8,432	\$19,432	\$14,639
TOTAL PRIMARY GOVERNMENT	\$21,916	\$20,502	\$4,485	\$4,211	\$23,255	\$13,579	\$755	\$27,207	\$26,764

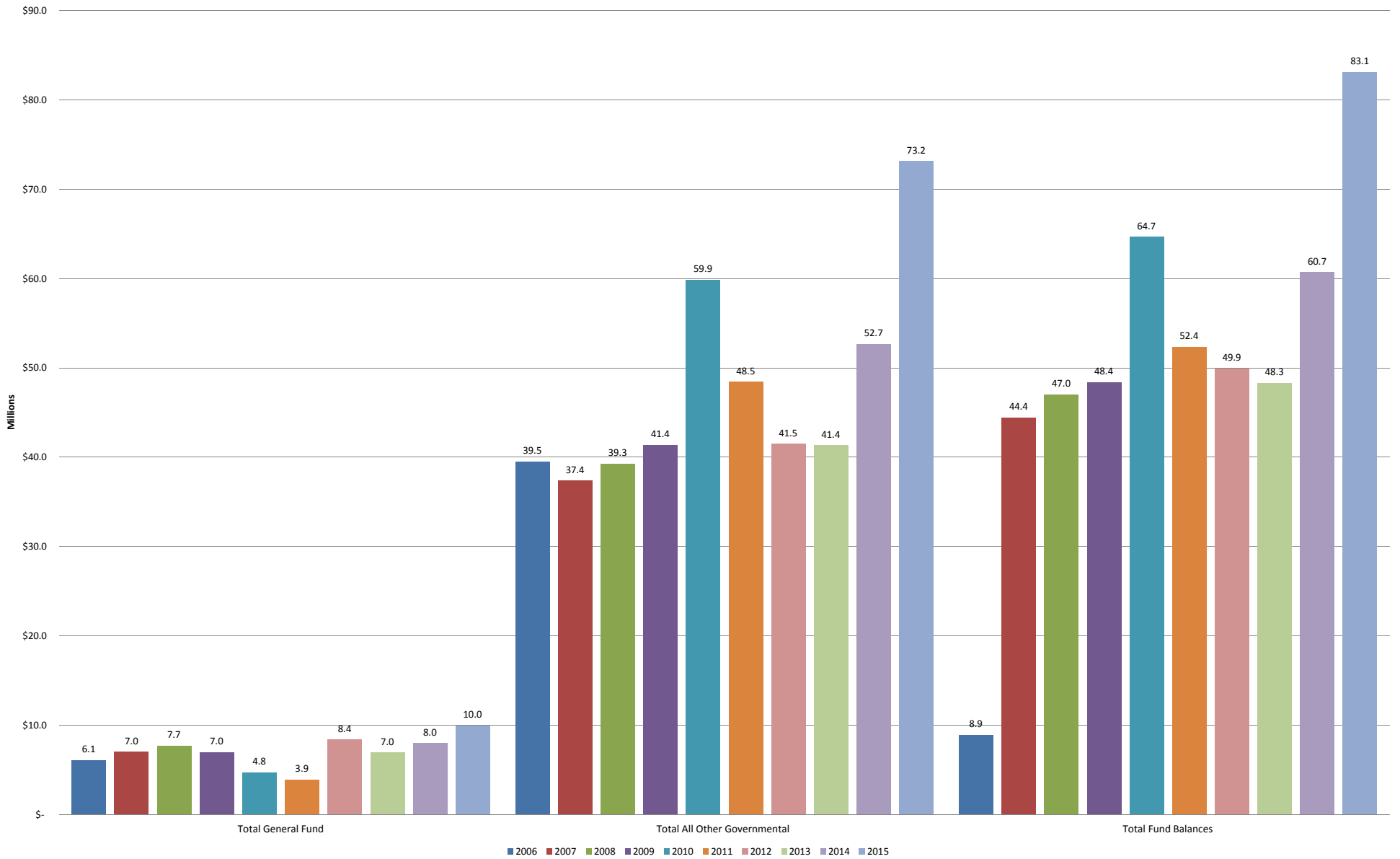
**Changes in Net Position - Primary Government
Last Ten Fiscal Years**



FUND BALANCES -GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

	FISCAL YEAR				
	PRE-GASB 54				
	2006	2007	2008	2009	2010
(modified accrual basis of accounting)					
GENERAL FUND					
RESERVED	\$1,369,275	\$1,812,954	\$2,797,024	\$4,150,682	\$2,897,805
UNRESERVED	4,748,244	5,220,535	4,937,348	2,866,210	1,879,189
TOTAL GENERAL FUND	6,117,519	7,033,489	7,734,372	7,016,892	4,776,994
ALL OTHER GOVERNMENTAL FUNDS					
RESERVED	8,926,974	10,205,357	12,946,707	15,218,909	35,273,294
UNRESERVED, REPORTED IN:					
SPECIAL REVENUE FUNDS	11,623,002	7,136,986	6,561,536	8,143,049	10,305,647
CAPITAL OUTLAY FUNDS	18,982,709	20,060,394	19,778,366	18,039,439	14,324,892
TOTAL ALL OTHER GOVERNMENTAL FUNDS	39,532,685	37,402,737	39,286,609	41,401,397	59,903,833
TOTAL FUND BALANCES	\$45,650,204	\$44,436,226	\$47,020,981	\$48,418,289	\$64,680,827
	POST-GASB 54				
	2011	2012	2013	2014	2015
GENERAL FUND					
NONSPENDABLE	\$347,376	\$284,264	\$346,136	\$288,101	\$380,834
RESTRICTED	-	-	-	-	-
COMMITTED	26,833	26,808	26,808	28,271	32,811
ASSIGNED	-	-	-	-	4,269,298
UNASSIGNED	3,562,434	8,112,239	6,595,043	7,700,502	5,309,928
TOTAL GENERAL FUND	3,936,643	8,423,311	6,967,987	8,016,874	9,992,871
ALL OTHER GOVERNMENTAL FUNDS					
NONSPENDABLE	1,064,068	644,538	89,494	50,299	63,714
RESTRICTED	38,051,645	35,934,149	37,677,535	49,600,151	69,362,485
COMMITTED	542,977	579,899	562,599	519,514	556,145
ASSIGNED	9,861,148	4,992,479	3,103,981	3,378,819	3,238,048
UNASSIGNED	(1,064,068)	(630,376)	(68,114)	(833,541)	(63,714)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	48,455,770	41,520,689	41,365,495	52,715,242	73,156,678
TOTAL FUND BALANCES	\$52,392,413	\$49,944,000	\$48,333,482	\$60,732,116	\$83,149,549

Fund Balances - Governmental Funds Last Ten Fiscal Years



CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS-LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
TAXES	\$66,042,747	\$73,867,055	\$73,373,458	\$72,281,816	\$64,566,859	\$61,193,262	\$58,759,403	\$58,009,904	\$68,739,375	\$73,100,840
LICENSES & PERMITS	\$284,662	\$214,234	\$9,100	\$1,380,759	\$1,327,905	\$1,325,765	\$1,335,069	\$816,294	\$822,400	\$848,363
INTERGOVERNMENTAL	\$42,539,492	\$31,531,631	\$30,009,477	\$35,475,825	\$36,535,915	\$33,113,485	\$34,752,396	\$30,863,164	\$30,120,655	\$31,928,295
CHARGES FOR SERVICES	\$24,735,690	\$23,289,780	\$22,131,456	\$20,050,104	\$16,832,903	\$16,703,982	\$18,066,625	\$18,655,266	\$21,372,281	\$23,045,957
FINES & FORFEITURES	\$719,436	\$2,522,536	\$1,611,445	\$311,933	\$263,008	\$366,891	\$465,016	\$476,561	\$1,164,801	\$1,384,872
MISCELLANEOUS	\$6,305,145	\$5,359,597	\$6,452,039	\$4,053,181	\$6,474,468	\$9,896,129	\$6,602,495	\$3,307,732	\$4,307,247	\$7,076,827
TOTAL REVENUES	\$140,627,172	\$136,784,833	\$133,586,975	\$133,553,618	\$126,001,058	\$122,599,514	\$119,981,004	\$112,128,921	\$126,526,759	\$137,385,154
EXPENDITURES										
GENERAL GOVERNMENT SERVICES	\$26,533,691	\$29,818,265	\$33,527,359	\$31,564,827	\$30,831,739	\$29,385,011	\$28,153,161	\$26,836,490	\$28,079,338	\$29,330,828
PUBLIC SAFETY	\$39,715,240	\$45,003,091	\$47,406,613	\$48,819,375	\$44,472,469	\$43,923,618	\$43,331,001	\$44,072,056	\$46,091,455	\$47,208,844
PHYSICAL ENVIRONMENT	\$769,308	\$869,499	\$952,412	\$822,003	\$2,267,404	\$2,190,121	\$1,012,021	\$1,052,328	\$1,121,652	\$1,065,957
TRANSPORTATION	\$13,126,158	\$12,859,021	\$13,124,250	\$14,177,430	\$14,276,604	\$13,049,151	\$12,403,808	\$11,660,285	\$11,423,718	\$11,610,886
ECONOMIC ENVIRONMENT	\$7,793,104	\$6,387,789	\$6,297,322	\$7,415,472	\$9,052,837	\$9,158,215	\$5,077,420	\$4,941,758	\$6,336,515	\$6,408,961
HUMAN SERVICES	\$4,372,186	\$4,538,445	\$4,654,542	\$4,803,243	\$4,323,033	\$4,111,405	\$4,020,503	\$4,185,618	\$4,051,161	\$4,213,371
CULTURE AND RECREATION	\$3,355,917	\$8,137,562	\$4,494,534	\$3,887,890	\$4,452,522	\$3,419,210	\$5,330,917	\$11,418,463	\$6,603,579	\$6,311,704
COURT RELATED	\$7,947,657	\$11,448,620	\$8,752,790	\$8,114,665	\$7,102,441	\$6,824,745	\$6,795,357	\$7,158,838	\$7,400,259	\$8,111,902
CAPITAL OUTLAY	\$26,494,998	\$16,993,757	\$11,226,400	\$12,625,889	\$18,693,921	\$25,526,067	\$10,304,163	\$5,427,895	\$11,282,675	\$23,602,553
PRINCIPAL RETIREMENT	\$818,774	\$1,934,681	\$1,737,530	\$587,575	\$587,505	\$582,411	\$3,050,000	\$713,000	\$1,329,000	\$3,094,789
INTEREST	\$48,794	\$66,319	\$85,381	\$45,532	\$435,901	\$1,479,158	\$1,587,593	\$1,626,624	\$1,648,372	\$2,032,150
OTHER CHARGES	\$2,000	\$23,699	\$24,187	\$22,836	\$692,498	\$96,448	\$19,768	\$41,210	\$13,101	\$212,836
TOTAL EXPENDITURES	\$130,977,827	\$138,080,748	\$132,283,320	\$132,886,737	\$137,188,874	\$139,745,560	\$121,085,712	\$119,134,565	\$125,380,825	\$143,204,781
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	\$9,649,345	(\$1,295,915)	\$1,303,655	\$666,881	(\$11,187,816)	(\$17,146,046)	(\$1,104,708)	(\$7,005,644)	\$1,145,934	(\$5,819,627)
OTHER FINANCING SOURCES (USES)										
SPECIAL ITEM	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,007,041)	\$0	\$0	\$0
TRANSFERS IN	\$7,908,387	\$9,898,053	\$9,066,308	\$8,965,209	\$7,963,351	\$11,551,302	\$11,920,643	\$6,333,962	\$16,598,302	\$9,263,264
TRANSFERS OUT	(\$7,305,817)	(\$8,895,030)	(\$7,782,208)	(\$8,234,782)	(\$6,876,756)	(\$10,293,670)	(\$11,257,307)	(\$5,938,836)	(\$7,820,602)	(\$8,499,093)
BUDGET TRANSFERS AMONG										
CONSTITUTIONAL OFFICERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$825,000	\$0
PROCEEDS FROM CAPITAL LEASES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXCESS FEES DUE TO OTHER GOVERNMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEED FROM LONG-TERM-DEBT	\$2,550,000	\$3,800,000	\$0	\$0	\$26,363,759	\$3,600,000	\$0	\$5,000,000	\$1,650,000	\$27,472,889
TOTAL OTHER FINANCING SOURCES(USES)	\$3,152,570	\$4,803,023	\$1,284,100	\$730,427	\$27,450,354	\$4,857,632	(\$1,343,705)	\$5,395,126	\$11,252,700	\$28,237,060
NET CHANGE IN FUND BALANCES	\$12,801,915	\$3,507,108	\$2,587,755	\$1,397,308	\$16,262,538	(\$12,288,414)	(\$2,448,413)	(\$1,610,518)	\$12,398,634	\$22,417,433
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.67%	0.67%	1.49%	1.42%	0.50%	1.27%	1.57%	4.00%	2.44%	3.87%

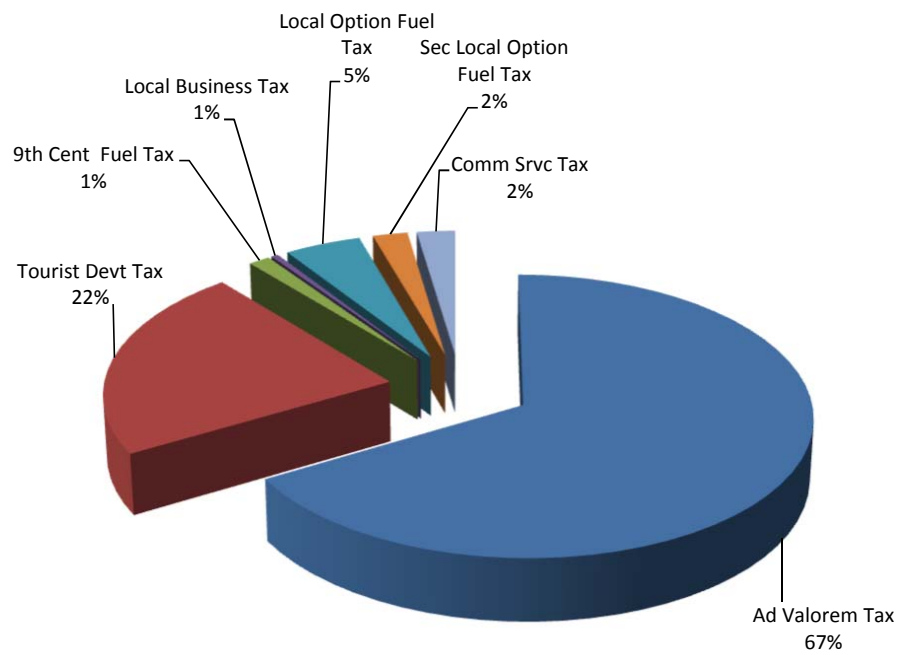
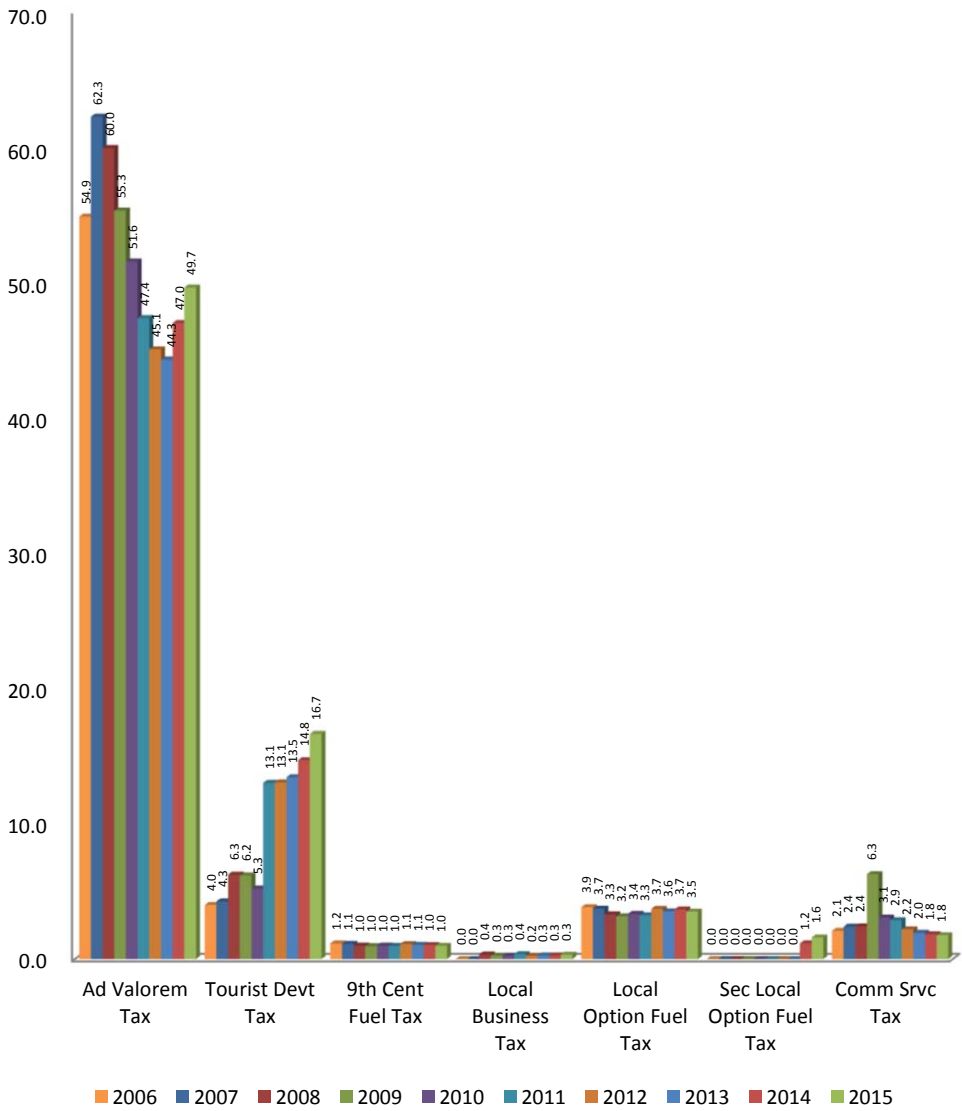
Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years



GOVERNMENTAL TAX REVENUES BY SOURCE - LAST TEN FISCAL YEARS

FISCAL YEAR	AD VALOREM TAX	TOURIST DEVELOPMENT TAX	9TH CENT VOTED FUEL TAX	LOCAL BUSINESS TAX	LOCAL OPTION FUEL TAX	SECOND LOCAL OPTION FUEL TAX	COMMUNICATION SERVICE TAX	TOTAL TAXES
2006	\$54,897,396	\$4,023,127	\$1,160,768	\$0	\$3,858,003	\$0	\$2,103,453	\$66,042,748
2007	\$62,280,020	\$4,293,620	\$1,128,995	\$0	\$3,749,553	\$0	\$2,414,866	\$73,867,054
2008	\$59,958,051	\$6,285,864	\$1,003,998	\$350,931	\$3,337,538	\$0	\$2,437,077	\$73,373,458
2009	\$55,342,840	\$6,226,986	\$957,813	\$252,511	\$3,188,176	\$0	\$6,313,490	\$72,281,816
2010	\$51,591,467	\$5,260,031	\$1,007,578	\$251,035	\$3,360,644	\$0	\$3,096,105	\$64,566,860
2011	\$47,413,163	\$13,092,667	\$977,680	\$363,365	\$3,262,337	\$0	\$2,894,338	\$68,003,550
2012	\$45,105,639	\$13,128,501	\$1,119,335	\$241,449	\$3,735,262	\$0	\$2,208,919	\$65,539,105
2013	\$44,348,020	\$13,520,017	\$1,066,902	\$268,190	\$3,559,220	\$0	\$1,956,905	\$64,719,254
2014	\$47,044,564	\$14,780,313	\$1,038,703	\$276,084	\$3,694,824	\$1,167,117	\$1,848,458	\$69,850,063
2015	\$49,668,734	\$16,713,548	\$992,766	\$324,402	\$3,533,694	\$1,604,709	\$1,766,987	\$74,604,840

Governmental Tax Revenues by Source Fiscal Year 2015 (\$74,604,840)



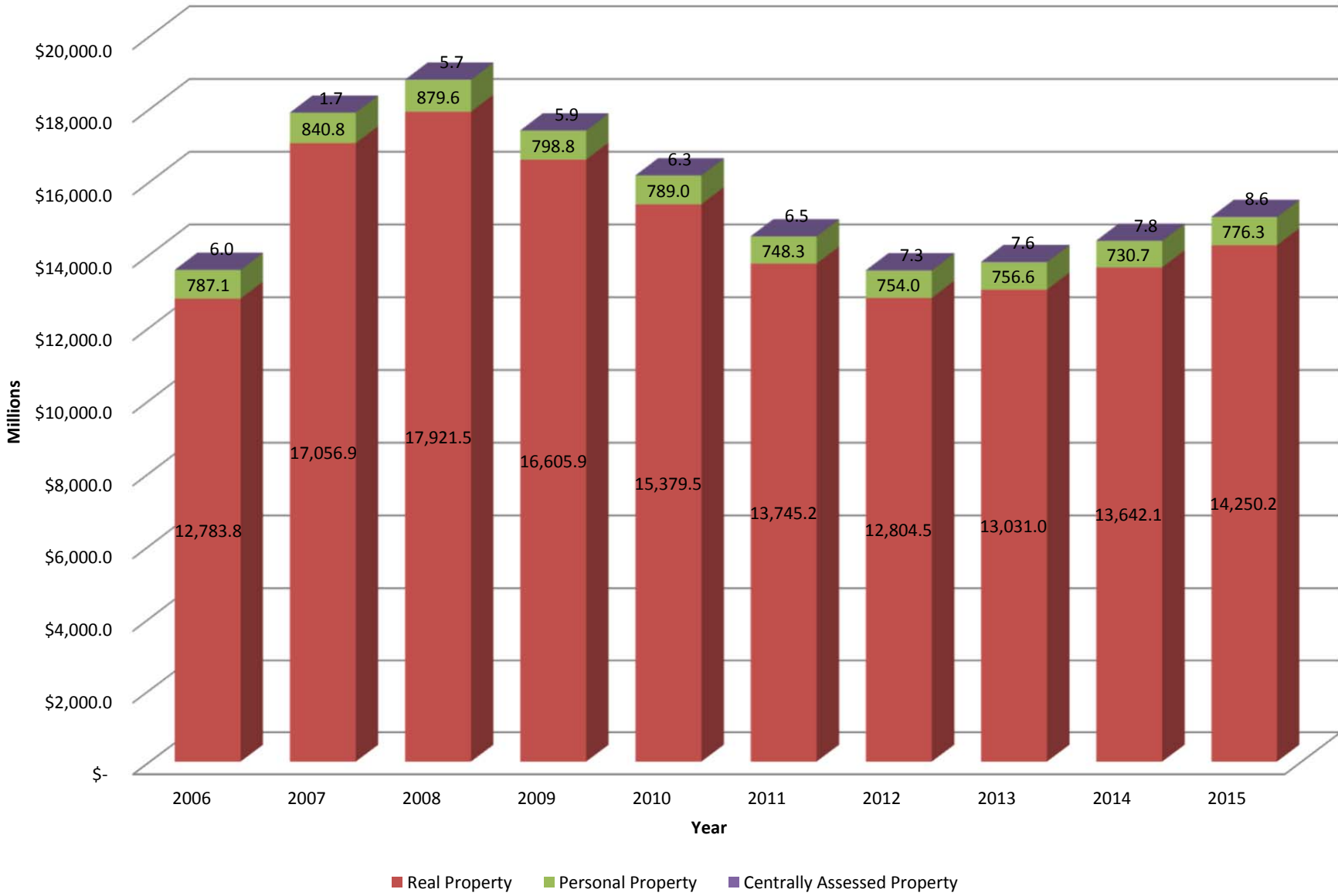
TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY - LAST TEN FISCAL YEARS

FISCAL YEAR	ASSESSED VALUE			TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUE (1)	ASSESSED TO ESTIMATED ACTUAL
	REAL PROPERTY	PERSONAL PROPERTY	CENTRALLY ASSESSED PROPERTY				
2006	12,783,763,622	787,145,427	5,994,612	13,576,903,661	12.5784	15,972,827,836	85.00%
2007	17,056,877,307	840,818,749	1,672,030	17,899,368,086	11.6445	21,058,080,101	85.00%
2008	17,921,513,970	879,629,168	5,697,214	18,806,840,352	11.1721	22,125,694,532	85.00%
2009	16,605,928,228	798,827,354	5,875,411	17,410,630,993	11.1035	20,483,095,286	85.00%
2010	15,379,485,139	788,963,431	6,340,541	16,174,789,111	11.1089	19,029,163,660	85.00%
2011	13,745,152,717	748,267,784	6,451,134	14,499,871,635	11.0039	17,058,672,512	85.00%
2012	12,804,470,883	753,956,598	7,314,456	13,565,741,937	11.2389	15,959,696,396	85.00%
2013	13,030,999,186	756,578,546	7,592,401	13,795,170,133	7.5510	16,229,611,921	85.00%
2014	13,642,118,444	730,736,448	7,839,717	14,380,694,609	7.2790	16,918,464,246	85.00%
2015	14,250,207,252	776,305,018	8,593,056	15,035,105,326	11.0088	17,688,359,207	85.00%

(1) BASED ON PROPERTY APPRAISER'S ESTIMATE OF ASSESSED PROPERTY VALUATION BEING 85% OF MARKET VALUE

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

Taxable Assesed Value Last Ten Fiscal Years

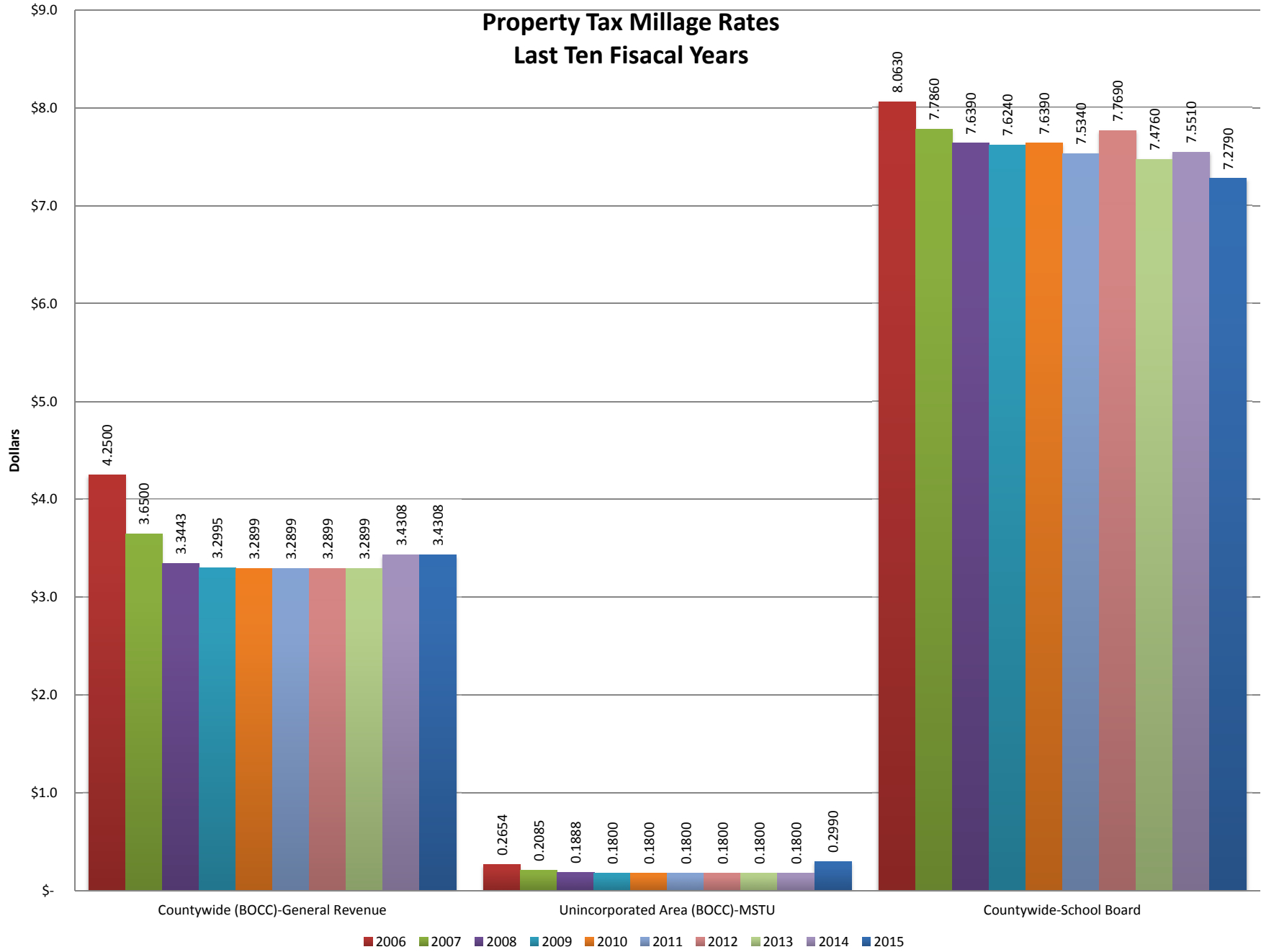


PROPERTY TAX MILLAGE RATES FOR DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
COUNTYWIDE (BOCC)										
GENERAL REVENUE	4.2500	3.6500	3.3443	3.2995	3.2899	3.2899	3.2899	3.2899	3.4308	3.4308
UNINCORPORATED AREA (BOCC)										
MUNICIPAL SERVICE TAXING UNIT (MSTU)	0.2654	0.2085	0.1888	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.2990
COUNTYWIDE (OTHER)										
SCHOOL BOARD	8.0630	7.7860	7.6390	7.6240	7.6390	7.5340	7.7690	7.4760	7.5510	7.2790
TOTAL MILLAGES	12.5784	11.6445	11.1721	11.1035	11.1089	11.0039	11.2389	10.9459	11.1618	11.0088
MUNICIPALITIES										
CINCO BAYOU	2.3000	2.3000	2.0639	2.0639	2.0639	2.1000	2.3000	2.3500	2.3500	3.0000
CRESTVIEW	6.9990	6.4989	5.8466	5.8466	5.8466	5.8466	5.5966	5.5966	5.8466	6.9466
DESTIN	1.8000	1.5000	1.4550	1.4550	1.4550	1.4550	1.4550	1.4550	1.5000	1.5000
FORT WALTON BEACH	4.9700	4.6400	4.1986	4.1986	4.1986	4.5383	4.5383	4.5383	5.7697	5.7697
LAUREL HILL	0.0000	0.0000	5.0000	4.8400	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
MARY ESTHER	3.5000	3.4000	3.0125	2.6996	2.6996	2.6435	2.6435	2.6435	2.6435	3.5000
NICEVILLE	3.5000	3.5000	3.2669	3.2000	3.4500	3.6301	3.6500	3.7000	3.7000	3.7000
SHALIMAR	2.4000	2.2000	2.0000	2.0000	2.0000	3.6301	3.6500	3.7000	2.0000	2.0000
VALPARAISO	3.9900	3.1200	2.8754	3.7500		3.9330	4.0644	4.5240	4.5240	5.0240
SPECIAL DISTRICTS										
NW FLORIDA WATER MANAGEMENT	0.0500	0.0500	0.0450	0.0450	0.0450	0.0450	0.0400	0.0400	0.0400	0.0378
LAKE PIPPIN MSBU	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DESTIN FIRE	0.8300	0.7700	0.8004	0.9009	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
EAST NICEVILLE FIRE	2.0000	2.0000	1.9200	2.0000	2.3500	2.3500	2.3700	2.3700	2.3700	2.7000
FLOROSA FIRE	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
NORTH BAY FIRE	2.0700	1.8000	1.6819	1.7827	2.0500	2.2500	2.3500	2.3500	2.3500	2.3500
OCEAN CITY-WRIGHT FIRE	1.8300	1.7800	1.6460	1.8144	1.8144	2.0000	2.0000	2.0000	2.2500	2.4000
OKALOOSA ISLAND FIRE	2.4305	1.9855	2.0250	1.9998	2.1900	2.7949	2.9950	3.1154	3.5550	3.4500
SYLVANIA HEIGHTS	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
ALMARANTE FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
BAKER FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
BLACKMAN FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DORCAS FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
HOLT FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
NORTH OKALOOSA FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

Property Tax Millage Rates Last Ten Fiscal Years



PRINCIPAL PROPERTY TAX PAYERS - LAST FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER

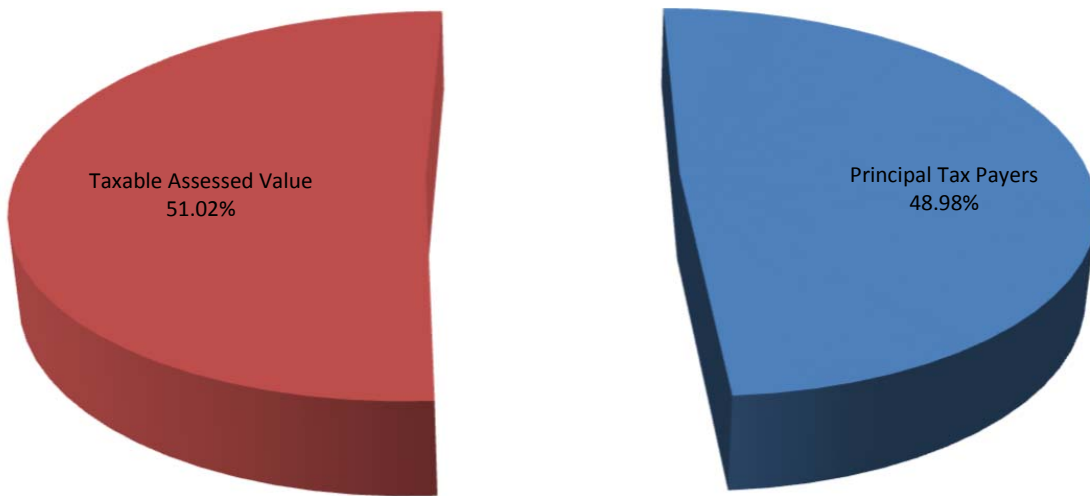
TAXPAYER	2015		2006	
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
GULF POWER COMPANY	\$155,907,017	1.04%	\$84,696,427	0.92%
FLORIDA GAS TRANSMISSION	\$72,810,418	0.48%	\$21,514,220	0.23%
EMERALD GRANDE INC	\$56,797,920	0.38%		
EMBARQ CORP	\$43,461,988	0.29%		
FT WALTON BEACH MEDICAL CENTER	\$36,442,203	0.24%	\$24,127,352	0.26%
DESTIN COMMONS LTD	\$35,396,686	0.24%		
CHOCTOWHATCHEE ELECTRIC CO	\$32,653,265	0.22%		
SRM-SPE LLC	\$26,835,195	0.18%		
COX COMMUNICATIONS GULF COAST	\$26,247,749	0.17%		
WAL-MART STORES EAST LP	\$24,979,814	0.17%	\$25,915,969	0.28%
SANTA ROSA MALL LLC			\$40,227,719	0.44%
WAL-MART STORES, INC				
SPRINT FLORIDA INC			\$96,908,512	1.06%
VALPARAISO REALTY			\$20,543,454	0.22%
TOLBERT ENTERPRISES			\$18,193,626	0.20%
CHOCTAWHATCHEE ELECTRIC CO			\$18,060,763	0.20%
FRENCH QUARTER II LLC			\$17,506,218	0.19%
TOTAL PRINCIPAL TAXPAYER VALUE	\$511,532,255	3.40%	\$367,694,260	4.01%
TOTAL PRINCIPAL TAXPAYER VALUE	\$14,523,573,071	96.60%	\$8,800,329,741	95.99%
TOTAL TAXABLE ASSESSED VALUE	\$15,035,105,326	100.0%	\$9,168,024,001	100.0%

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

**Principal Property Tax Payers
Current Year 2015**



**Principal Property Tax Payers
Year 2006**

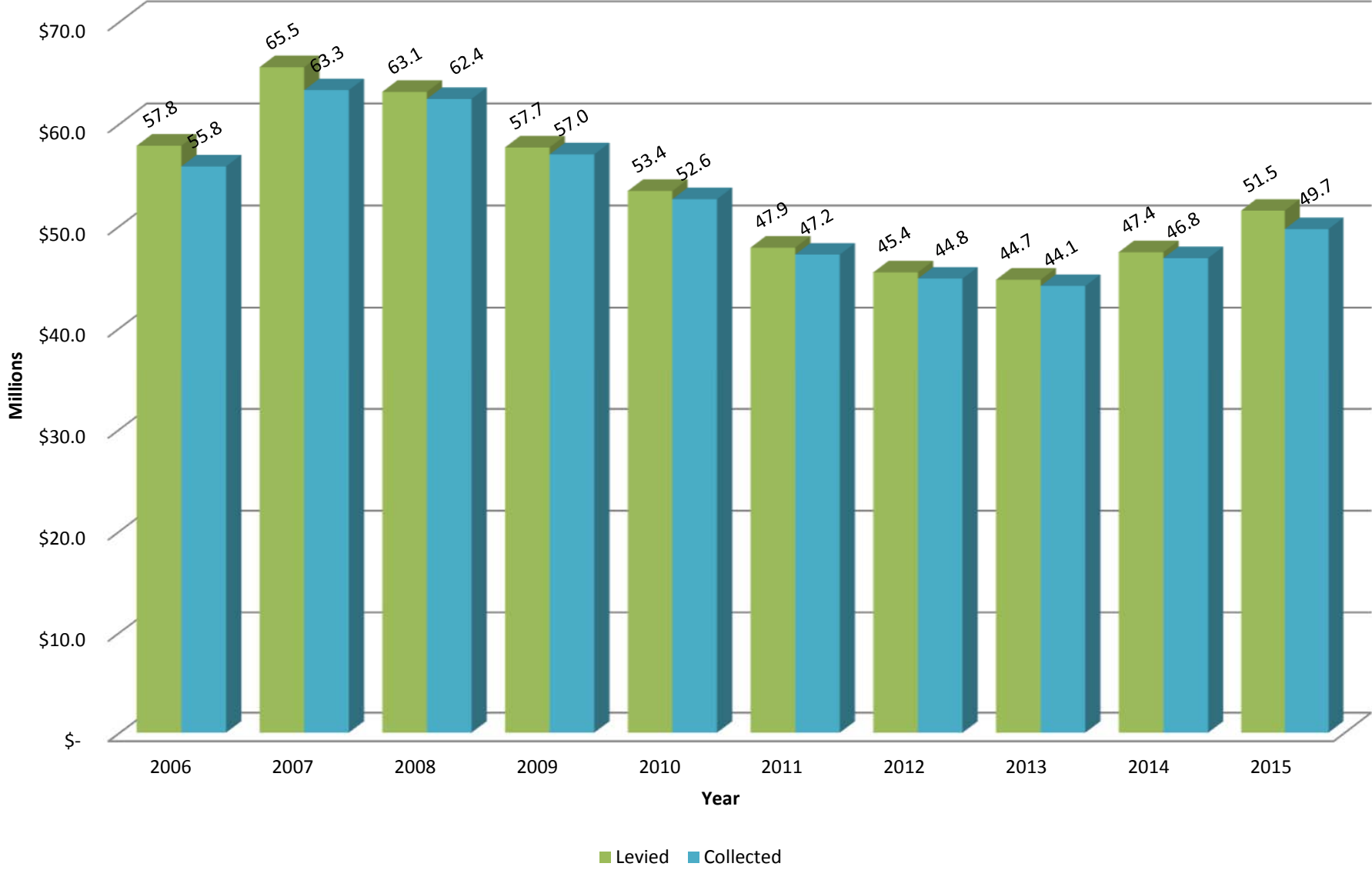


PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2006	\$57,849,177	\$55,634,769	96.2%	\$184,070	\$55,818,839	96.5%
2007	\$65,531,728	\$63,181,930	96.4%	\$100,657	\$63,282,587	96.6%
2008	\$63,123,125	\$62,249,498	98.6%	\$173,101	\$62,422,599	98.9%
2009	\$57,679,952	\$56,797,501	98.5%	\$198,907	\$56,996,408	98.8%
2010	\$53,408,513	\$52,477,263	98.3%	\$137,394	\$52,614,657	98.5%
2011	\$47,862,708	\$46,941,453	98.1%	\$235,856	\$47,177,309	98.6%
2012	\$45,434,311	\$44,537,852	98.0%	\$283,894	\$44,821,746	98.7%
2013	\$44,715,750	\$43,934,031	98.3%	\$168,991	\$44,103,022	98.6%
2014	\$47,418,367	\$46,623,220	98.3%	\$210,673	\$46,833,893	98.8%
2015	\$51,479,158	\$49,506,421	96.2%	\$162,314	\$49,668,735	96.5%

SOURCE: OKALOOSA COUNTY TAX COLLECTOR RECAPITULATION OF THE TAX ROLL

Property Tax Levies and Collections Last Ten Fiscal Years



RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES					TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	SPECIAL OBLIGATION BONDS(1)	REVENUE BONDS (2)	CAPITAL LEASES (3)	COMMERCIAL PAPER, NOTES, AND LOANS (4)	WATER BONDS, NOTES, AND LOANS (5)	AIRPORT BONDS, NOTES, AND LOANS (6)	SOLID WASTE BONDS (7)	CONFERENCE CENTER BONDS (8)	CAPITAL LEASES			
2006	\$1,321,071	\$0	\$294,832	\$0	\$39,112,577	\$10,114,296	\$1,106,975	\$12,235,000	\$0	\$65,823,235	0.97%	\$348
2007	\$1,161,258	\$0	\$151,578	\$0	\$98,525,577	\$9,841,983	\$976,397	\$12,280,000	\$0	\$123,790,290	1.73%	\$642
2008	\$857,792	\$0	\$0	\$3,580,000	\$95,295,296	\$20,735,156	\$740,869	\$12,010,000	\$0	\$135,027,617	1.81%	\$687
2009	\$530,526	\$0	\$0	\$3,360,000	\$92,048,960	\$20,632,249	\$446,475	\$12,010,000	\$0	\$130,426,566	1.75%	\$663
2010	\$182,412	\$25,749,919	\$0	\$3,140,000	\$88,476,519	\$20,283,475	\$153,221	\$11,725,000	\$0	\$151,751,057	2.03%	\$772
2011	\$0	\$29,391,615	\$0	\$2,740,000	\$84,700,701	\$22,693,018	\$0	\$3,490,000	\$0	\$143,838,719	1.92%	\$732
2012	\$0	\$19,153,198	\$0	\$0	\$95,984,441	\$23,995,407	\$0	\$1,685,000	\$0	\$151,569,848	2.03%	\$771
2013	\$0	\$28,510,203	\$0	\$4,973,393	\$84,863,512	\$22,235,623	\$0	\$155,000	\$0	\$137,070,512	1.83%	\$697
2014	\$0	\$28,290,659	\$0	\$6,059,000	\$88,566,870	\$20,249,582	\$0	\$0	\$0	\$143,166,111	1.92%	\$728
2015	\$0	\$52,719,870	\$0	\$6,022,211	\$81,984,312	\$19,235,035	\$0	\$0	\$0	\$159,961,428	1.77%	\$796

(1) Includes Refunding, Revenue & Improvement Bonds, 1985 and Capital Improvement Bonds, 1991

(2) Includes Sales Tax Revenue Bonds, Series 2009 (Net issuance discount), Capital Improvement Revenue Bond, Series 2011, and Sales Tax Revenue Bonds, Series 2014

(3) Includes Capital Leases and Operating Leases with Escalator Clauses

(4) Includes Florida Local Government Finance Commission Pooled Paper Loan and Private Bank Note, 2015

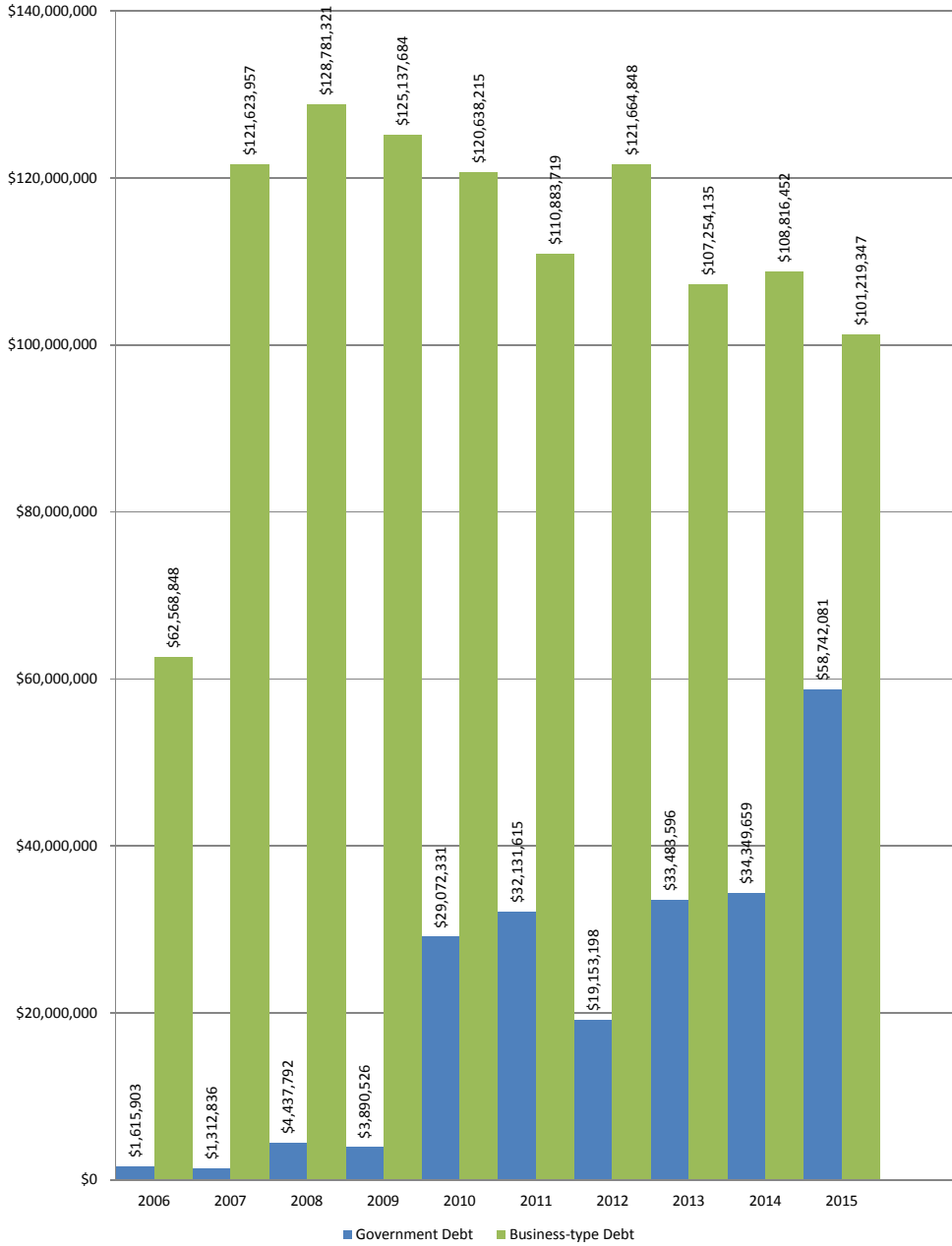
(5) Includes State Pollution Control Bonds, and Revenue Bonds, Series 2015 (Net issuance premium)

(6) Includes Revenue Bonds 2007 (Net issuance discount) and 2014, and State Infrastructure Bank Loans

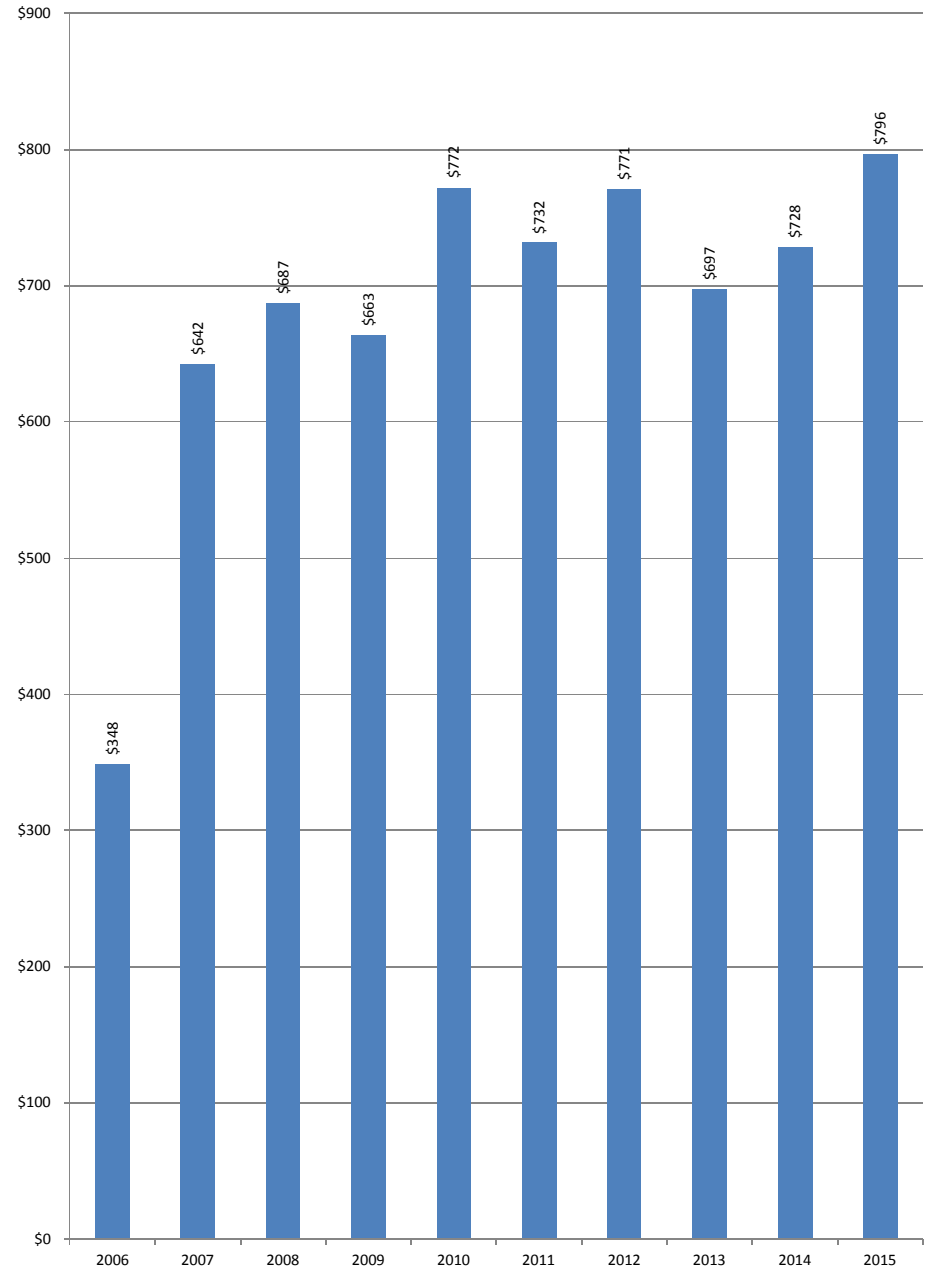
(7) Includes Capital Improvement Bonds, 1991

(8) Includes Fourth Cent Tourist Development Tax Revenue Bonds, 2000

**Debt by Type
Last Ten Fiscal Years**



**Per Capita Debt
Last Ten Fiscal Years**



PLEGGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail -Debt Serv	WATER REVENUE BONDS AND NOTES (PRINCIPAL + INTEREST)							TOTAL	COVERAGE
				1985	1992	2004	2006	2012	2015			
2006	\$23,719,695	\$15,272,060	\$8,447,635	\$68,680	\$331,924	\$3,422,370	\$0	\$0	\$0	\$3,822,974	2.21	
2007	\$26,745,817	\$15,974,674	\$10,771,143	\$68,677	\$194,186	\$2,967,970	\$1,171,405	\$0	\$0	\$4,402,238	2.45	
2008	\$24,694,611	\$16,827,092	\$7,867,519	\$67,831	\$0	\$2,964,695	\$1,900,194	\$0	\$0	\$4,932,720	1.59	
2009	\$23,481,347	\$16,371,638	\$7,109,709	\$67,743	\$0	\$2,976,286	\$509,283	\$0	\$0	\$3,553,312	2.00	
2010	\$24,831,872	\$15,267,581	\$9,564,291	\$67,648	\$0	\$801,210	\$5,171,437	\$0	\$0	\$6,040,295	1.58	
2011	\$25,895,709	\$16,650,924	\$9,244,785	\$67,542	\$0	\$982,850	\$4,989,988	\$0	\$0	\$6,040,380	1.53	
2012	\$26,581,965	\$15,571,980	\$11,009,985	\$67,426	\$0	\$3,728,770	\$0	\$533,531	\$0	\$4,329,727	2.54	
2013	\$26,685,108	\$15,295,914	\$11,389,194	\$68,003	\$0	\$3,754,732	\$2,837,287	\$489,839	\$0	\$7,149,861	1.59	
2014	\$29,122,953	\$14,809,770	\$14,313,183	\$66,451	\$0	\$3,790,065	\$0	\$536,674	\$0	\$4,393,190	3.26	
2015	\$33,938,933	\$15,992,250	\$17,946,683	\$33,520	\$0	\$5,037,556	\$3,077,105	\$300,731	\$1,902,096	\$10,351,008	1.73	

PLEDGED-REVENUE BOND COVERAGE

PLEDGED-REVENUE BOND COVERAGE										
FISCAL YEAR	Gross Operating Revenue	Passenger Facility Charges	Direct Operating Expense	Net Revenue Avail -Debt Serv	AIRPORT REVENUE BONDS (PRINCIPAL + INTEREST)					
					2003	2007	2014	TOTAL	COVERAGE	
2006	\$7,462,550	\$1,383,854	\$4,221,206	\$4,625,198	\$797,195	\$0	\$0	\$797,195	5.80	
2007	\$8,302,612	\$1,493,144	\$4,851,237	\$4,944,519	\$796,109	\$0	\$0	\$796,109	6.21	
2008	\$8,039,113	\$1,459,441	\$5,132,705	\$4,365,849	\$788,232	\$263,413	\$0	\$1,051,645	4.15	
2009	\$8,557,210	\$1,378,312	\$5,674,469	\$4,261,053	\$789,413	\$208,221	\$0	\$997,634	4.27	
2010	\$9,118,672	\$1,466,902	\$6,036,864	\$4,548,710	\$799,213	\$891,775	\$0	\$1,690,988	2.69	
2011	\$9,602,757	\$1,732,199	\$7,893,609	\$3,441,347	\$797,950	\$887,675	\$0	\$1,685,625	2.04	
2012	\$9,502,093	\$1,451,015	\$8,056,047	\$2,897,061	\$795,575	\$892,975	\$0	\$1,688,550	1.72	
2013	\$9,334,305	\$1,384,486	\$7,117,500	\$3,601,291	\$797,393	\$887,075	\$0	\$1,684,468	2.14	
2014	\$9,052,923	\$1,488,823	\$7,864,096	\$2,677,650	\$353,691	\$6,250,575	\$559,028	\$7,163,294	0.37	
2015	\$8,448,925	\$1,321,169	\$7,776,146	\$1,993,948	\$0	\$300,087	\$269,150	\$569,237	3.50	

PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail -Debt Serv	CONFERENCE CENTER REVENUE BONDS (PRINCIPAL + INTEREST)		
				Bond	TOTAL	COVERAGE
2006	\$5,120,607	\$2,401,044	\$2,719,563	\$944,700	\$944,700	2.88
2007	\$5,603,899	\$2,841,814	\$2,762,085	\$942,695	\$942,695	2.93
2008	\$5,358,647	\$3,163,561	\$2,195,086	\$955,073	\$955,073	2.30
2009	\$5,249,570	\$3,419,702	\$1,829,868	\$671,573	\$671,573	2.72
2010	\$4,617,857	\$3,094,242	\$1,523,615	\$942,038	\$942,038	1.62
2011	\$6,062,145	\$2,597,664	\$3,464,481	\$8,929,631	\$8,929,631	0.39
2012	\$6,110,432	\$3,509,121	\$2,601,311	\$1,903,563	\$1,903,563	1.37
2013	\$6,258,565	\$2,437,430	\$3,821,135	\$1,535,370	\$1,535,370	2.49

Note: Conferncen Center debt was paid in full in fiscal year 2014.

COMPUTATION OF DIRECT AND UNDERLYING DEBT (1)

<u>DIRECT:</u>	<u>NET BONDED DEBT (2)</u>	<u>PERCENT APPLICABLE TO COUNTY</u>	<u>COUNTY'S SHARE OF NET DEBT</u>
OKALOOSA COUNTY (NO BONDED DEBT)	\$0	0%	\$0
<u>UNDERLYING:</u>			
OKALOOSA COUNTY SCHOOL BOARD	\$46,144,000	100%	\$46,144,000

(1) THIS SCHEDULE IS NORMALLY TITLED "COMPUTATION OF OVERLAPPING DEBT", HOWEVER BECAUSE OKALOOSA COUNTY HAS NO OVERLAPPING DEBT, THE TITLE HAS BEEN CHANGED TO REFLECT THE CONTENTS OF THE SCHEDULE.

(2) NET BONDED DEBT IS DEFINED HERE AS GROSS BONDED DEBT LESS AMOUNT AVAILABLE IN DEBT SERVICE

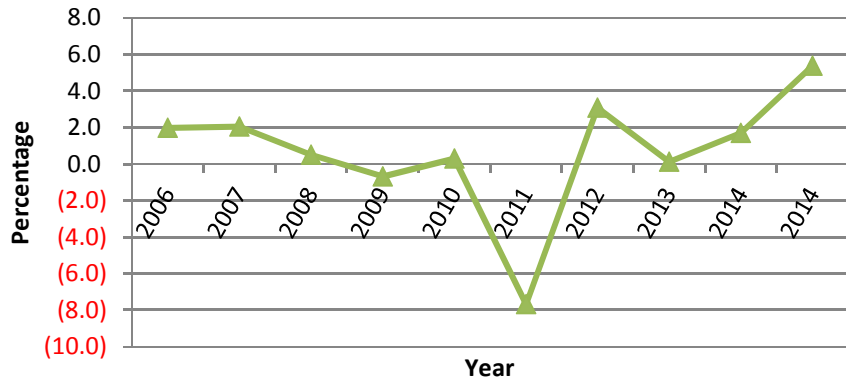
DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

YEAR	POPULATION	PERCENT +/-	PERSONAL INCOME IN THOUSANDS	PERCENT +/-	PER CAPITA PERSONAL INCOME	PERCENT +/-	UNEMPLOYMENT RATE
2006	192,672	2.0%	\$7,144,102	7.3%	\$38,812	7.2%	2.40%
2007	196,617	2.0%	\$7,436,986	4.1%	\$40,711	4.9%	2.55%
2008	197,597	0.5%	\$7,607,688	2.3%	\$41,858	2.8%	5.10%
2009	196,234	-0.7%	\$7,186,037	-5.5%	\$39,668	-5.2%	7.40%
2010	196,800	0.3%	\$7,417,181	3.2%	\$43,383	9.4%	8.40%
2011	181,679	-7.7%	\$8,086,833	9.0%	\$44,479	2.5%	7.80%
2012	187,280	3.1%	\$8,546,210	5.7%	\$44,903	1.0%	6.70%
2013	187,486	0.1%	\$8,775,211	2.7%	\$45,277	0.8%	5.70%
2014	190,666	1.7%	\$8,783,041	0.1%	\$44,695	-1.3%	5.10%
2014	200,895	5.4%	\$9,019,600 (1)	2.7%	\$45,526 (1)	1.9%	3.80%

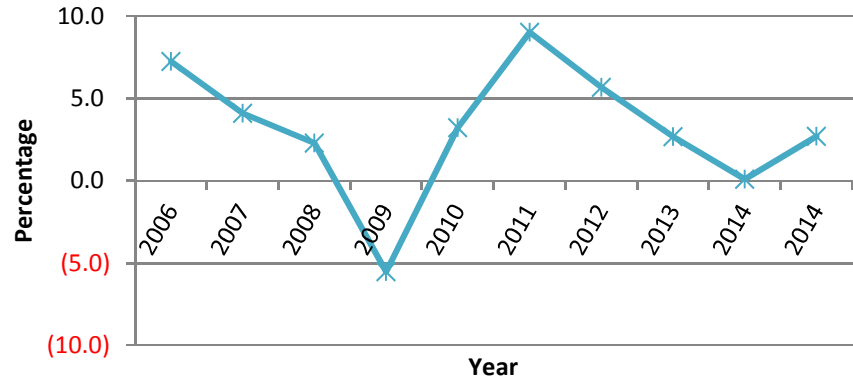
(1) Estimated income figures based upon average percent in prior years.

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

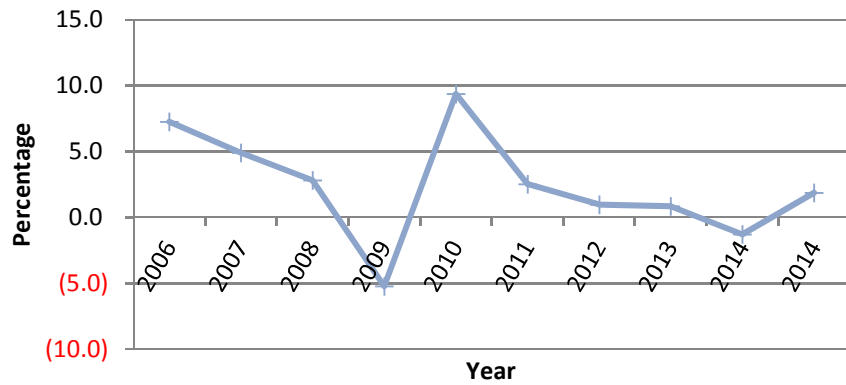
**Population
Last Ten Fiscal Years**



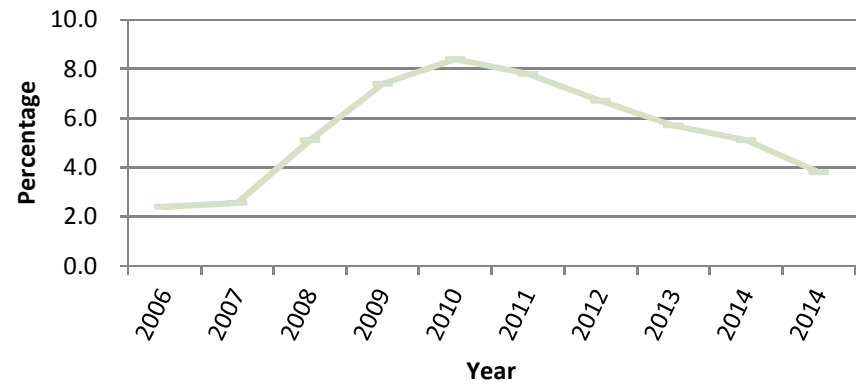
**Personal Income
Last Ten Fiscal Years**



**Per Capita Income
Last Ten Fiscal Years**



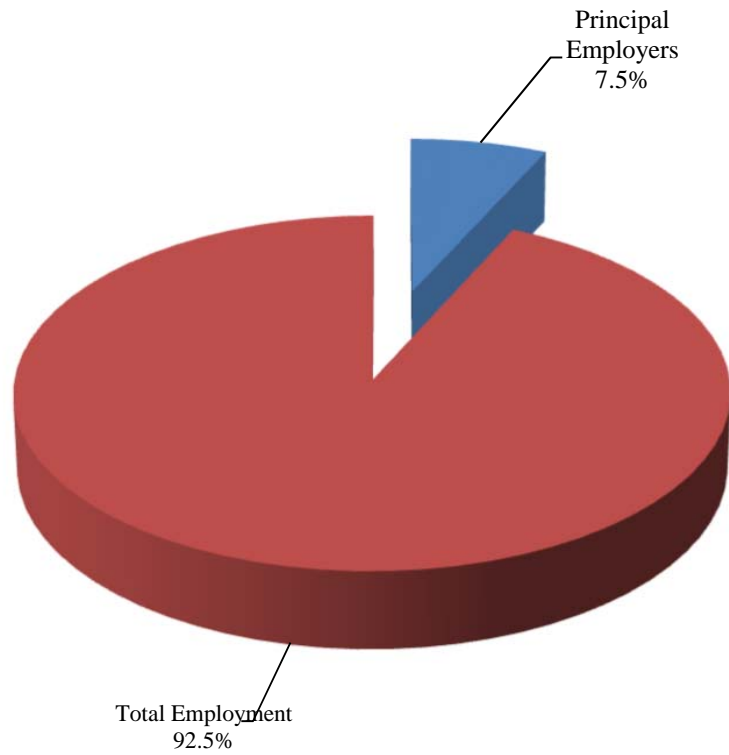
**Unemployment Rate
Last Ten Fiscal Years**



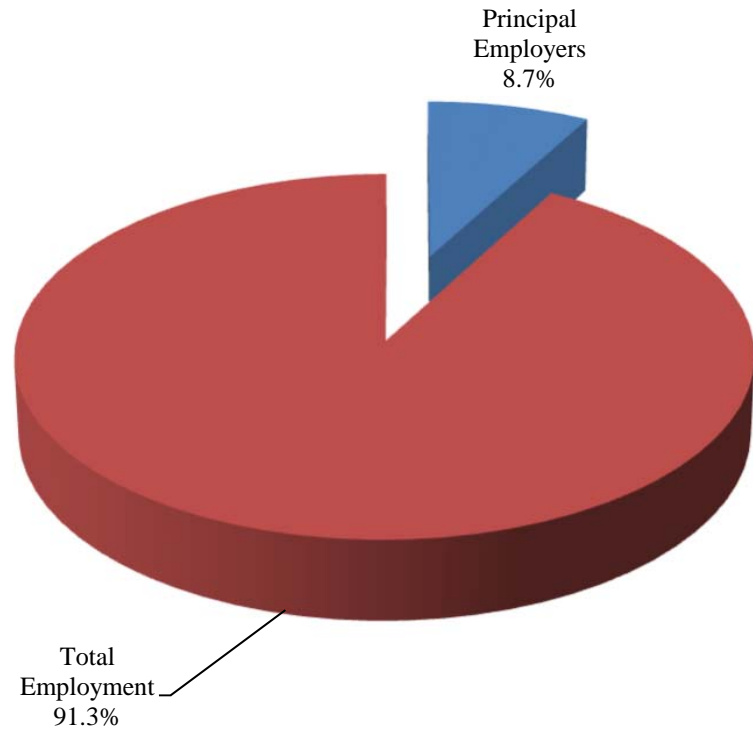
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2015		2006	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
FT WALTON BEACH MEDICAL CENTER	1,000	1.08%	989	0.98%
JACOBS TEAS	1,000	1.08%		
L-3/CRESTVIEW AEROSPACE CORP	800	0.86%		
LOCKHEED MARTIN	800	0.86%		
INDYNE, INC	800	0.86%		
NORTH OKALOOSA MEDICAL CENTER	700	0.75%	650	0.64%
NATIONAL ELECTRONICS WARRANTY (NEW)	500	0.54%		
THE BOEING COMPANY	450	0.48%		
WHITE WILSON MEDICAL CENTER	400	0.43%		
BAE SYSTEMS TECHNICAL SERVICES	380	0.41%	1,000	0.99%
ABBOT RESORTS/RESORT QUEST			1,300	1.28%
TYBRIN CORPORATION			1,109	1.09%
CRESTVIEW AEROSPACE CORPORATION			1,185	1.17%
DRS TRAINING & CONTROL SYSTEM			735	0.73%
LEGENDARY, INC			700	0.69%
SVERDRUP TECHNOLOGY			650	0.64%
MTC TECHNOLOGIES/MTI			450	0.44%
TOTAL	6,830	7.35%	8,768	8.65%
TOTAL COUNTY EMPLOYMENT	92,938		101,317	

**Principal Employers
Current Year
2015**



**Principal Employers
Nine Years Ago
2006**

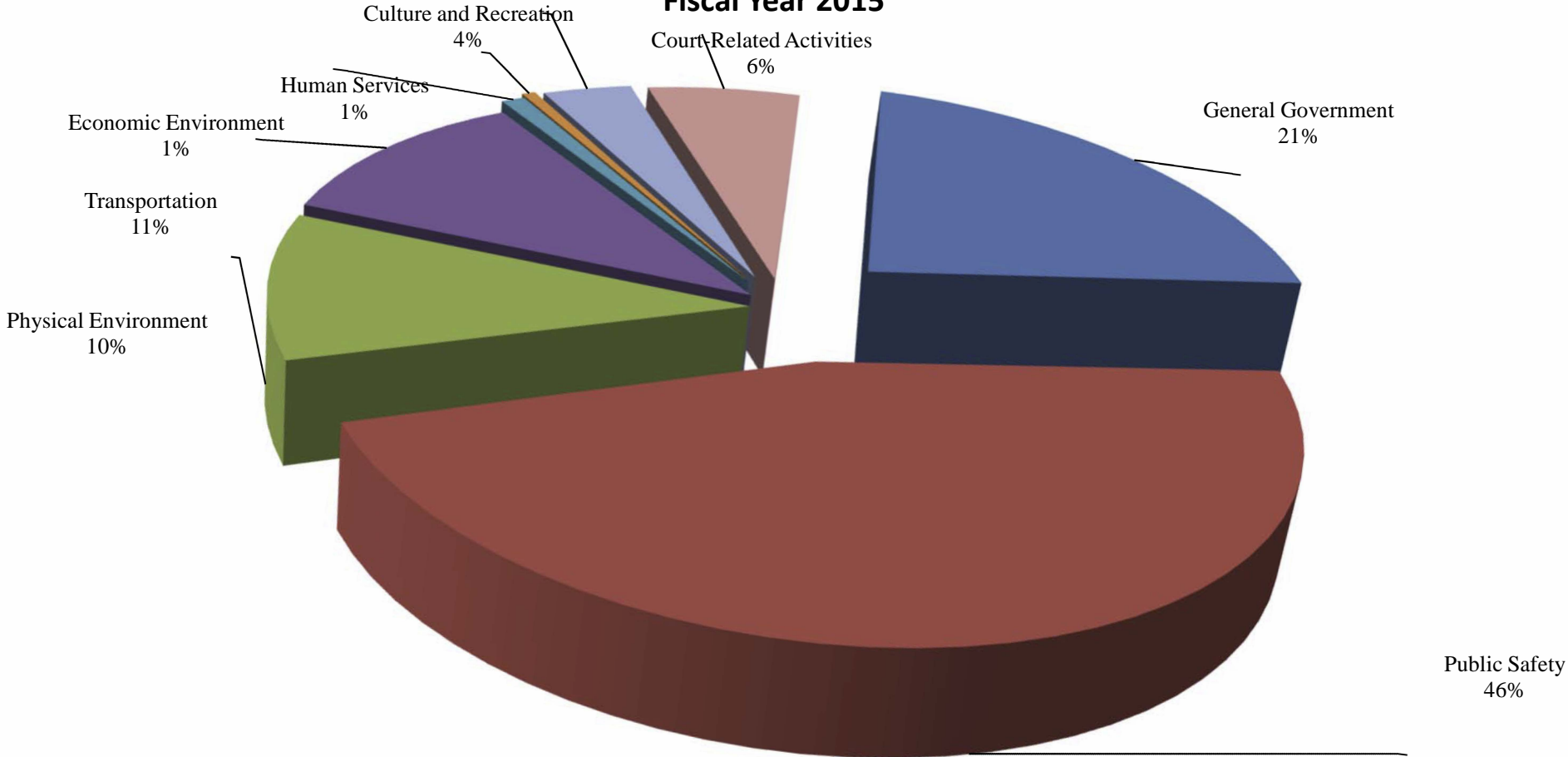


FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION - LAST TEN YEARS

FUNCTION	FULL-TIME EQUIVALENT EMPLOYEES AS OF OCTOBER 1									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL GOVERNMENT	249	305	299	308	316	313	303	309	314	315
PUBLIC SAFETY	625	609	661	641	635	657	629	649	649	669
PHYSICAL ENVIRONMENT	161	169	169	157	161	156	147	144	146	151
TRANSPORTATION	177	158	175	168	166	154	146	156	166	167
ECONOMIC ENVIRONMENT	16	13	14	18	17	18	14	14	14	14
HUMAN SERVICES	13	11	13	9	8	8	8	8	8	8
CULTURE AND RECREATION	38	41	43	42	43	42	42	42	47	53
COURT-RELATED ACTIVITIES	128	102	109	78	82	82	86	86	85	89
TOTAL	1,407	1,408	1,483	1,420	1,427	1,430	1,375	1,408	1,429	1,465

SOURCE: BUDGET OFFICE

FTE by Function Fiscal Year 2015



OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TRANSIT										
TOTAL ROUTE MILES	182	163	163	163	163	168	168	215	215	215
PASSENGERS	138,491	169,389	211,330	171,967	162,820	175,595	179,946	182,584	161,878	139,389
LIBRARY										
CIRCULATION	572,074	608,803	679,720	750,643	751,432	713,416	699,532	696,234	736,264	739,882
REGISTERED BORROWERS	98,100	100,335	92,629	96,474	94,493	77,616	72,730	70,908	70,739	71,322
PUBLIC WORKS										
ASPHALT OVERLAY (SQUARE YARDS)	48,700	71,832	126,312	52,000	61,778	58,809	24,547	42,280	61,219	57,523
BRIDGES REPAIRED/REPLACED	11	14	6	12	14	8	7	1	0	1
WATER										
NEW CONNECTIONS	594	404	128	496	134	320	757	140	119	169
WATER MAINS REPAIRED	990	1,344	425	476	52	74	55	63	124	32
ANNUAL WATER UNITS BILLED	428,601	429,081	430,692	429,412	434,148	437,682	442,834	444,340	451,427	456,066
SEWER										
ANNUAL SEWER UNITS BILLED	403,138	403,631	406,807	398,541	399,660	402,977	407,625	414,612	414,188	418,921
AIRPORTS										
ENPLANEMENTS	365,045	396,045	400,105	332,556	369,230	448,870	385,165	374,431	373,143	385,109
DEPLANEMENTS	366,111	393,800	400,866	332,325	364,118	451,692	387,574	379,194	372,268	385,936
GROWTH MANAGEMENT										
DEVELOPMENT PERMITS ISSUED	2,031	1,536	975	771	817	986	821	893	820	867
HOME OCCUPATIONS	635	547	405	347	359	369	383	460	441	455
REFUSE COLLECTION										
TRANSFER STATION TONNAGE	148,694	173,655	168,224	141,633	128,360	109,099	121,443	125,755	118,022	117,689
RECYCLING TONNAGE	5,889	4,823	4,181	5,286	5,898	6,584	8,139	6,196	7,278	8,700
PUBLIC SAFETY										
EMERGENCY CALLS (EMS)	34,908	35,184	41,446	21,018	21,997	23,782	23,591	23,986	25,105	25,973
SYSTEM CALLS (9-1-1)	110,851	106,684	100,547	102,199	111,065	117,530	129,530	131,147	103,320	101,451

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

CAPITAL INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PARKS AND RECREATION										
COUNTY PARKS	16	17	18	19	18	18	18	18	19	19
UNINCORPORATED PARKS	34	34	32	31	32	33	34	33	35	35
TRANSIT										
BUSES/PASSENGER VAN	17	17	17	17	17	17	17	17	11	11
LIBRARY										
COLLECTION	272,936	286,500	295,721	309,859	312,747	321,797	311,899	310,302	309,368	320,095
PUBLIC WORKS										
PAVED ROADS MAINTAINED (MILES)	640	621	652	703	652	652	666	670	674	670
DIRT ROADS MAINTAINED (MILES)	238	264	280	122	207	207	201	199	198	199
COLD MIX ROADS MAINTAINED (MILES)	----	----	----	74	74	74	74	72	70	74
TRAFFIC SIGNALS	7	8	9	11	11	13	13	13	13	13
WATER										
WATER MAINS (MILES)	445	447	448	455	455	422	767	726	741	466
FIRE HYDRANTS	2,004	2,109	2,220	2,267	2,267	4,038	5,519	5,546	5,777	3,980
MAXIMUM DAILY CAPACITY	18,300	18,300	17,300	17,300	17,200	17,200	17,200	17,200	17,200	17,200
(THOUSANDS OF GALLONS)										
SANITARY SEWERS (MILES)	398	398	399	400	400	340	558	561	593	448
MAXIMUM DAILY TREATMENT CAPACITY	9,006	9,006	9,006	12,506	13,206	13,206	13,206	13,206	13,206	11,980
(THOUSANDS OF GALLONS)										

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

To the Honorable Chairman and Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements (hereinafter referred to as "financial statements") of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida as of and for the year ended September 30, 2015, which collectively comprise Okaloosa County, Florida's basic financial statements and have issued our report thereon dated May 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Okaloosa County, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Okaloosa County, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Okaloosa County, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses. [2015-1]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. [2015-2, 2015-3, 2015-4, 2015-5]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okaloosa County, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Okaloosa County, Florida's Response to Findings

The Board of County Commissioners' and Clerk of the Circuit Court's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Okaloosa County, Florida's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Okaloosa County, Florida's internal and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
May 27, 2016

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Chairman and the Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida

We have examined Okaloosa County, Florida's (hereinafter referred to as the "County") compliance with the following requirements for the year ended September 30, 2015:

- (1) Florida Statute 218.415 in regards to investments
- (2) Florida Statutes 28.36 in regards to certain court-related functions
- (3) Florida Statute 288.8018 in regards to the Deepwater Horizon Oil spill receipts and expenditures.
- (4) Florida Statute 365.12 and 365.173 in regards to the E911 System Fund

Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, Okaloosa County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Warren Averett, LLC

Fort Walton Beach, Florida
May 27, 2016

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL

Honorable Chairman and the Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida

We have audited the financial statements of Okaloosa County, Florida as of and for the year ended September 30, 2015, and have issued our report thereon dated May 27, 2016 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 174 is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the Rules of the Auditor General Chapter 10.557(3)(f), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

Fort Walton Beach, Florida
May 27, 2016

Okaloosa County, Florida
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
RELATED TO DEEPWATER HORIZON OIL SPILL
For the Fiscal Year Ended September 30, 2015

<u>Source</u>	<u>Amounts Received in the 2014-2015 Fiscal Year</u>	<u>Amounts Expended in the 2014-2015 Fiscal Year</u>
British Petroleum:		
Litigation Settlement	\$3,594,577	\$ 0
Funds relating to proceeds specified for advertising and tourist related media campaigns	\$0	\$86

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards and State Financial Assistance includes \$401,503 of expenditures of State financial assistance (included for CSFA # 37.082), that are related to the Deepwater Horizon Oil Spill.

MANAGEMENT LETTER

To the Honorable Chairman and Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida

Report on the Financial Statements

We have audited the financial statements of Okaloosa County, Florida (hereinafter referred to as "County") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance and Compliance with Requirements Applicable to the Passenger Facility Charge Program; Schedule of Findings and Questioned Costs; Schedule of Receipts and Expenditures of Funds Related to Deepwater Horizon Oil Spill, Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Florida Auditor General, and Independent Auditors' Report on the Schedule of Receipts and Expenditures of Funds Related to Deepwater Horizon Oil Spill. Disclosures in those reports which are dated May 27, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations in the preceding annual financial report except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2013-14 FY Finding #	2012-13 FY Finding #
2015-1	2014-1	N/A
2015-2	N/A	N/A
2015-3	2014-10	2013-MC-01
2015-4	2014-2	N/A
2015-5	2014-5	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name of official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Okaloosa County, Florida is a political subdivision of the State of Florida organized under Title VIII, Section 1(e) of the Florida constitution. The primary government includes the Board of County Commissioners, the Clerk of the Circuit Court and Comptroller, the Sheriff, the Tax Collector, the Property Appraiser, and the Supervisor of Elections. As of September 30, 2015, Okaloosa County had no component units, as defined by GASB 61, with a significant operational or financial relationship with the County.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not Okaloosa County, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Okaloosa County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Okaloosa County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Okaloosa County, Florida for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties

We greatly appreciate the assistance and cooperation extended us during our audit.

Warren Averett, LLC
Fort Walton Beach, Florida
May 27, 2016

SINGLE AUDIT SECTION

To the Honorable Chairman and Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL AND COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM

Report on Compliance for Each Major Program and/or Project

We have audited Okaloosa County, Florida's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*; the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that are could have a direct and material effect on each of Okaloosa County, Florida's major federal programs, state projects and passenger facility charge program for the year ended September 30, 2015. Okaloosa County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs, state projects and passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Okaloosa County, Florida's major federal programs, state projects, and passenger facility charge program based on the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 10.550, Rules of the Auditor General, and the Federal Aviation Administration. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Okaloosa County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program, state project, and passenger facility charge program. However, our audit does not provide a legal determination on Okaloosa County, Florida's compliance.

Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program

In our opinion, Okaloosa County, Florida complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects and passenger facility charge program for the fiscal year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of Okaloosa County, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Okaloosa County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, state project or the passenger facility charge program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, state project, or passenger facility charge program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Okaloosa County, Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program, state project or the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, state project or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement for a federal program, state project or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
May 27, 2016

Okaloosa County, Florida
Airport Enterprise Fund
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Fiscal Year Ended September 30, 2015

Grantor/Program: Passenger Facility Charges

Application Approval Number: 00-01-C-00-VPS

Latest ROD 07-03-C-00-VPS

<u>Amended Amount of Approval</u>	<u>Cumulative Earned Amount at September 30, 2014</u>	<u>Current Year Earned Amount</u>	<u>Cumulative Earned Amount at September 30, 2015</u>	<u>Current Year Expenditures</u>	<u>Unliquidated Passenger Facility Charges</u>	
					<u>at September 30, 2014</u>	<u>at September 30, 2015</u>
<u>\$ 39,922,121</u>	<u>\$ 20,743,457</u>	<u>\$ 1,374,978</u>	<u>\$ 22,118,435</u>	<u>\$ 118,059</u>	<u>\$ 8,440,782</u>	<u>\$ 9,697,701</u>

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2015

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures
<u>FEDERAL AWARDS</u>			
<u>U.S. Department of Agriculture</u>			
Passed Through Florida Department of Agriculture & Consumer Services			
Food Distribution Program	10.550	82002	461
School Breakfast Program	10.553	01-0303	3,326
National School Lunch Program	10.555	01-0303	5,202
Passed Through Florida Department of Financial Services			
Shared Receipts from National Forests located in Okaloosa County	10.665	N/A	7,174
Total U.S. Department of Agriculture			16,163
<u>U.S. Department of Defense</u>			
<u>Defense Human Resources Activity</u>			
Electronic Absentee Systems for Elections (EASE)	12.217	H98210-12-1-0007	80,000
Electronic Absentee Systems for Elections (EASE)	12.219	H98210-13-1-0007	718,680
<u>Department of the Air Force</u>			
Congressionally Directed Assistance	12.599	N/A	1,090,317
Total U.S. Department of Defense			1,888,997
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Florida Department of Economic Opportunity			
Community Development Block Grants	14.228	10DB-4X-01-56-01-F18	94,714
Community Development Block Grants	14.228	12DB-P5-01-56-01-K 55	181,088
Total U.S. Department of Housing and Urban Development			275,802
<u>U.S. Department of the Interior</u>			
Payments in Lieu of Taxes	15.226	N/A	9,303
Total U.S. Department of the Interior			9,303
<u>U.S. Department of Justice</u>			
Supervised Visitation, Safe Havens for Children	16.527	2011-CW-AX-K021	144,521
"ARRA" Public Safety Partnership and Community Policing Grants	16.71	2013-DJ-BX-0013	456,457
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1038	2,465
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-1067	586
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0430	12,000

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2015

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures
Equitable Sharing Program	16.922	N/A	230,305
Passed Through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-OKAL-2-R3-070	20,543
Passed Through Florida Coalition Against Domestic Violence			
"ARRA" Violence Against Women Grants	16.588	15-8019-LE-ENH	49,863
"ARRA" Violence Against Women Grants	16.588	16-8019-LE-ENH	16,621
Total U.S. Department of Justice			933,361
<u>U.S. Department of Transportation</u>			
Direct Programs			
<u>Federal Aviation Administration</u>			
Airport Improvement Program	20.106	3-12-0020-017-2014	47,329
Airport Improvement Program	20.106	312-0081-025-2013	43,641
Airport Improvement Program	20.106	3-12-0081-026-2014	1,800,688
<u>Federal Transit Administration</u>			
Federal Transit Capital Improvement Grants	20.507	FL-90-X642-00	195,844
Federal Transit Capital Improvement Grants	20.507	FL-90-X680-00	125,608
Federal Transit Capital Improvement Grants	20.507	FL-90-X715-00	10,922
Federal Transit Capital Improvement Grants	20.507	FL-90-X716-00	167,825
Federal Transit Capital Improvement Grants	20.507	FL-90-X761-00	287,182
Federal Transit Capital Improvement Grants	20.507	FL-90-X795-00	36,235
Federal Transit Capital Improvement Grants	20.507	FL-90-X867-00	4,742
Indirect Programs			
Passed Through Florida Department of Transportation			
Highway Planning and Construction	20.205	ANZ38, 409797-1-88-01	231,975
Formula Grants for Rural Areas	20.509	AQD91, 421365-2-84-31	144,308
National Priority Safety Programs	20.616	ARN53, M5HVE-15-06-16	73,618
Total U.S. Department of Transportation			3,169,917
<u>Election Assistance Commission</u>			
Passed Through Florida Department of State			
Help America Vote Act Requirements Payments	90.401	MOA # 2012-2013-0001	9,333
Help America Vote Act Requirements Payments	90.401	MOA # 2013-2014-0001-R	12,788
Total Election Assistance Commission			22,121
<u>U.S. Department of Health & Human Services</u>			
Passed Through Florida Department of Revenue			
Child Support Enforcement	93.563	CST46	14,520
Child Support Enforcement	93.563	COC46	902,160
Child Support Enforcement	93.563	N/A	2,399

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2015

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures
Passed Through Florida Department of State			
Voting Access for Individuals with Disabilities-Grants to States	93.617	MOA #2014-2015-0003-OKA	6,317
Passed Through Florida Department of Transportation			
Medical Assistance Program	93.778	BDN10, 41604318201	94,483
Passed Through Florida Department of Children and Families			
Block Grants for Community Mental Health Services	93.958	AH105	7,015
	Matching		128,041
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AH105	14,243
	Matching		14,227
Total U.S. Department of Health & Human Services			1,041,137
Sub-Total Florida Matching			142,268
<u>U.S. Department of Homeland Security</u>			
Checked Baggage Screening Design Services Project - (OTA)	N/A	HSTS04-13-H-CT1161	59,137
Law Enforcement Officer Reimbursement Agreement Program - (OT/	97.090	HSTS02-13-H-SLR205	113,150
Passed Through Florida Division of Emergency Management			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	15-SP-8Z-01-56-02-530	141,384
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	Matching	15-SP-8Z-01-56-02-530	23,564
Emergency Management Performance Grants	97.042	14-FG-1M-01-56-01-113	71,206
Emergency Management Performance Grants	97.042	16-FG-5A-01-56-01-113	12,371
Homeland Security Grant Program	97.067	14-DS-L5-01-56-01-419	189,537
Homeland Security Grant Program	97.067	14-DS-L3-01-56-01-494	120,030
Homeland Security Grant Program	97.067	15-DS-P4-01-56-01-327	8,340
Homeland Security Grant Program	97.067	16-DS-P9-01-56-01-209	6,235
Passed Through Florida Department of Law Enforcement Agency			
Homeland Security Grant Program	97.067	2016-LETP-OKA-1-L9-009	2,859
Total U.S. Department of Homeland Security			724,249
Subtotal Florida Matching Funds			23,564
TOTAL FLORIDA MATCHING FUNDS			165,832
TOTAL FEDERAL AWARDS			8,246,882

STATE FINANCIAL ASSISTANCE

Executive Office of the Governor

Passed Through Enterprise Florida, Inc.

Enterprise Florida, Inc.	31.003	DIG 12-03	200,000
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Passed Through Florida Division of Emergency Management

Emergency Management Programs	31.063	15-BG-83-01-56-01-046	85,478
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Emergency Management Programs	31.063	16-BG-83-01-56-01-046	13,446
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Emergency Management Projects	31.067	14-CP-11-01-56-01-218	1,104
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Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2015

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures
Emergency Management Projects	31.067	15-CP-11-01-56-01-216	11,688
Total Executive Office of the Governor			311,716
<u>Florida Dept. of Environmental Protection</u>			
Beach Management Funding Assistance Program	37.003	14OK1	93,570
Cooperative Collection Center Grant	37.007	S0717	174,715
Cooperative Collection Center Grant	37.007	S0834	22,239
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46040	450,000
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46042	19,278
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46041	4,806
Stormwater Projects/Deepwater Horizon Oil Spill	37.082	SO697	401,503
Total Florida Department of Environmental Protection			1,166,111
<u>Florida Department of Economic Opportunity</u>			
<u>Enterprise Florida</u>			
Enterprise Florida, Inc.	40.003	DIG 13-03	200,000
Enterprise Florida, Inc.	40.003	DIG 13-04	4,991
Enterprise Florida, Inc.	40.003	DIG 14-04	190,317
Military Base Protection	40.014	MBP 13-01	2,399
Total Florida Department of Economic Opportunity			397,707
<u>Florida Department of Agriculture & Consumer Services</u>			
Mosquito Control	42.003	021299	21,891
Total Florida Department of Agriculture & Consumer Services			21,891
<u>Florida Department of State</u>			
State Library Grant	None	14-SP-01	61,427
State Aid to Libraries	45.030	14-ST-47	3,474
State Aid to Libraries	45.030	13-ST-45	41,701
Total Florida Department of State			106,602
<u>Florida Housing Finance Corporation</u>			
State Housing Initiatives Partnership (SHIP) Program	52.901	2011/2012	53,294
State Housing Initiatives Partnership (SHIP) Program	52.901	2012/2013	65,120
State Housing Initiatives Partnership (SHIP) Program	52.901	2013/2014	81,716
State Housing Initiatives Partnership (SHIP) Program	52.901	2014/2015	74,738
Total Florida Housing Finance Corporation			274,868

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2015

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures
<u>Florida Department of Transportation</u>			
Commission For the Transportation Disadvantaged Trip and Equipme: Grant Program	55.001	ARG20, 43202718401/43202818401	282,029
Commission For the Transportation Disadvantaged Trip and Equipme: Grant Program	55.001	GO270,43202718401/43202818401	90,376
Aviation Development Grants	55.004	APT92, 41819329401	74,552
Aviation Development Grants	55.004	AR859, 42561729401	544,201
Aviation Development Grants	55.004	AQW81, 42390629401	78
Aviation Development Grants	55.004	AR741, 42561619401	2,376
Aviation Development Grants	55.004	AR742, 42561819401	28,914
Aviation Development Grants	55.004	ARC12, 42561519401	4,082
Aviation Development Grants	55.004	ARE15, 42561719401	93,977
Aviation Development Grants	55.004	ARE05, 42561419401	50,000
Aviation Development Grants	55.004	ARQ67, 42561829401	12,837
Commuter Assistance/Rideshare Grants	55.007	AQH83, 420315-2-84-01	1,259
Commuter Assistance/Rideshare Grants	55.007	ARN13, 420315-2-84-01	4,721
Public Transit Block Grant Program Block Grant	55.010	ARN27, 422253-1-84-01	57,212
Transit Corridor Program	55.013	AQH66, 422256-1-84-01	24,079
Transit Corridor Program	55.013	ARN14, 422256-1-84-01	200,000
Transportation Regional Incentive Program (TRIP)	55.026	ARB51,421997-33801.34801, 43801,44801,53801,63801	506,182
Total Florida Department of Transportation			<u>1,976,875</u>
<u>Florida Department of Health</u>			
County Grant Awards	64.005	C3046	25,615
Total Florida Department of Health			<u>25,615</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>4,281,385</u>
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			<u>12,528,267</u>

Okaloosa County, Florida
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2015

NOTE 1- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal funded programs and state funded projects of Okaloosa County, Florida for the year ended September 30, 2015. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Funds received and expended as state financial assistance reported on the schedule include only those state funds provided from state resources to carry out state projects. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Okaloosa County, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Okaloosa County, Florida.

NOTE 2- BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for all governmental fund grants and the accrual basis of accounting for all proprietary fund grants. The basis of accounting is described in Note 1 C to the County's financial statements.

NOTE 3- SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, Okaloosa County, Florida provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
16.527	Supervised Visitation, Safe Havens For Children	\$142,616
20.507	Federal Transit Formula Grants	\$312,343
20.509	Formula Grants for Rural Areas	\$144,308
93.778	Medical Assistance Program	\$ 94,483

CSFA Number	Program Name	Amount Provided to Subrecipients
52.901	State Housing Initiatives Partnership (SHIP)	\$274,867
55.001	Commission For the Transportation of the Disadvantaged Trip and Equipment Grant	\$372,404
55.010	Public Transit Block Grant Program	\$ 44,571
55.013	Transit Corridor Program	\$224,079

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2015

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? _____ X _____ Yes _____ No
- Significant deficiencies identified that are not considered to be material weakness? _____ X _____ Yes _____ No
- Non-compliance material to financial statements noted? _____ Yes _____ X _____ No

Federal Awards and State Projects

Internal control over major programs:

- Material weakness identified? _____ Yes _____ X _____ No
- Significant deficiency identified that is/ not considered to be material weakness? _____ Yes _____ X _____ No

Type of auditor's report issues on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*? _____ Yes _____ X _____ No

Identification of Major Programs

Federal

CFDA #	Name of Federal Program or Cluster
12.219	Electronic Absentee Systems for Elections (EASE) grants FVAP
12.599	Land Acquisition and Restrictive Use Easement
16.527	Safe Havens: Supervised Visitation and Safe Exchange Grant Program
93.563	Local Child Support Depository – Title IV

State

CSFA #	Name of State Project
31.003	Shoal River Military Installation Buffering Project
37.039	Okaloosa Island/Wright Area Gravity Sewer Rehabilitation
37.082	Construction Stormwater Management Facility Improvements
40.003	Shoal River Military Installation Buffering Project
55.013	Urban Corridor Public Transportation on Hwy 98
55.026	Design and ROW on PJ Adams Parkway

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2015

1. Summary of Auditor's Results – Continued

Dollar threshold used to distinguish between Type A and B programs for federal awards	\$	300,000
Dollar threshold used to distinguish between Type A and B programs for state awards	\$	300,000
Auditee qualified as low-risk auditee?	X	Yes _____ No

2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS)

FINDING 2015-1 CAPITAL ASSET ACCOUNTING (CLERK)

Criteria

Per Florida Statue, the Clerk provides financial reporting to the Board of County Commissioners. Duties include providing accounting services to all BCC Departments. Per Florida Statue, the BCC is custodian of all County fixed assets, with the exception of assets of the Sheriff, and as such responsibility for fixed asset recordkeeping for the BCC and all elected officials with the exception of the Sheriff, becomes the responsibility of the Clerk's office.

Condition

Accounting for capital asset activity of the Board of County Commissioners and other elected officials was not performed timely throughout the fiscal year ending September 30, 2015. Capital assets are material to the financial position of Okaloosa County, Florida.

Cause

The Clerk Finance team underwent personnel changes that affected capital asset accounting and reconciliations near the year end of the fiscal year ended September 30, 2015.

Effect

Closing of the year end was delayed significantly due to the adjustments of fixed asset accounting that had to be accomplished and reconciled to custody records. The system of internal control did not function as intended. As a result, unintentional or intentional errors may not be detected on a timely basis due to the delay in recordkeeping and review.

Recommendation

Reconciling fixed assets to custody records and the subsequent review of the reconciliations should be done on a least a quarterly basis. Based upon the volume of activity, we would suggest monthly reconciliation and review of activity.

Views of responsible officials and planned corrective action:

A replacement position relating to the capital asset accounting position was hired as a part of the Finance Team after fiscal year end. Training and accounting for fixed assets has begun in the current fiscal year in order to reconcile the capital assets on a timely basis. The Finance Team is coordinating with the County Property Custodian to update the fixed asset records and is and will be performing the accounting and reconciliation on a timely basis in the future. Reconciliation will be done on a monthly basis. A statistical report will be generated for review by the Clerk and County administration on a quarterly basis.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2015

FINDING 2015-2 PUBLIC WORKS AND FACILITY MAINTENANCE INVENTORY (BCC)

Criteria

The public works department to include its divisions of Engineering, Traffic Operations, Roads, Environmental Services, Parks Division and Administrative services and its subsidiary facility maintenance division, has substantial amounts of inventory on hand in order to fulfill its mission to internal and external customers. The inventory is not counted and reconciled on a routine basis to perpetual inventory records. The inventory has also not been physically recorded in the general ledger as its value was assumed to be immaterial. Costs are allocated to projects based on work order systems, but the value of any residual inventory has not been captured in the accounting records. In a properly designed system of internal control surrounding inventory, key controls should be in place for existence, completeness, rights or obligations, valuation, and classification and accuracy of significant inventory balances.

Condition

The following conditions exist:

- Physical counts of the inventory is not performed routinely
- The nature of the inventory is diverse since public works serves many different functions
- Physical custody of assets is not segregated from the recordkeeping function
- Two separate platforms are used to account for work orders and inventory, an off the shelf package used by Public Works and an internally developed software used by Facilities Maintenance
- The valuation of inventory at year end per the reports generated indicate the residual balances may be significant; however due to controls lacking in other areas, there is limited confidence in the quantities reported and valuation of inventory due to concerns of potential items that could be slow moving or obsolete.

Cause

The system of internal control surrounding this inventory is not properly designed.

Effect

Fraud or errors in reporting could occur with respect to this inventory and not be detected in a timely manner.

Recommendation

Management should evaluate the current design of the system of internal control and personnel available to ensure key controls are in place for the assertions outlined above.

Views of responsible officials and planned corrective action:

We agree with the recommendation and certain changes were implemented to segregate the inventory ordering function from receiving of goods into the inventory system. The comprehensive remediation plan involves the following steps:

- Evaluation of inventory and work order operational processes in both public works and facility maintenance to develop a consistent approach.
- Evaluation of a single software application that could be used by both public works and facility maintenance for inventory and work order functions. The current software applications used have not been updated and lack necessary functionality. In addition one software application would promote consistency in processes and allow for cross staffing between the functions.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2015

***FINDING 2015-2 PUBLIC WORKS AND FACILITY MAINTENANCE INVENTORY (BCC)
(CONTINUED)***

- Combining public works and facility maintenance inventory in the North End of the County to one facility as part of a short term plan. The ultimate goal would be one supply warehouse to house both public works and facility maintenance inventory in one building for North County. Due to travel time, the need for separate inventory stores in North and South County is needed.
- Further evaluation of the segregation of duties to include physical count functions to determine if additional personnel is warranted. One additional hire is already planned for FY 17.

While these efforts are currently underway, a complete remediation will not be accomplished until FY 17.

***FINDING 2015-3 AIRPORT LEASE AND BILLING REVENUE, AND DOCUMENTATION OF
AIRPORT ACCOUNTING POLICIES AND PROCEDURES (BCC)***

Criteria

In our testing of lease revenue and related expenses non-material exceptions were found. Monitoring activities to include ongoing evaluations of activities to ascertain whether the components of internal control are present and functioning is one element of an internal control system.

In addition we have previously recommended the development of airport accounting policy and procedure manual since the Airport is responsible for their own billing and collection of revenues in a unique environment. In that document we recommend the establishment of a formal policy for rotational auditing of contracts in which the Airport earns revenue on a percentage basis. Preventative activities in a system of internal control include documentation and authorization of accounting practices.

Condition

The following conditions exists:

- In our testing we noted one lease with an improper expiration date in PropWorks. The lease was set up with a default date of the year 3000. As such, the automatic notification of expiration feature in PropWorks would not function appropriately.
- In our testing we noted three instances regarding a concessions lease that did not have adequate support for revenue reported which serves as the basis for a percentage lease agreement. Valid supporting documentation should be generated from an accounting system to allow the Airport to trace data reported back to source documents of the concessionaires on a rotational basis.
- In our testing we noted one instance in which a lease renewal allowed for an increase in the annual fees; however the increase was not billed to the customer for nine months. The amount was not material.
- In our testing of a parking lease agreement, the Airport paid a payroll reimbursement to include a gas allowance. The contract did not specifically identify a gas allowance.
- Invoices to support pass thru expenses generated from the Airport's advertising contractor were not consistently obtained.
- The Airport accounting policies and procedures manual has not been developed at September 30, 2015.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2015

FINDING 2015-3 AIRPORT LEASE AND BILLING REVENUE, AND DOCUMENTATION OF AIRPORT ACCOUNTING POLICIES AND PROCEDURES (BCC) - (CONTINUED)

- Rotational auditing of contracts of third party concessionaires from which revenue is derived on a percentage basis was not undertaken during the year ended September 30, 2015.

Cause

Personnel at the Department of Airports do not necessarily have the time or the degree of accounting and financial specialization necessary. We understand subsequent to year end an Airports Financial Manager was hired.

Effect

A clear and evident plan for communicating responsibilities and expectations of processing financial data of Airport operations is not in place. As such, the internal control framework could be enhanced.

Recommendation

We recommend an evaluation of the current design of the system of internal controls by the Airports Financial Manager. Once evaluated an accounting policy and procedure document be developed. That document should address control activities which are the policies and procedures established to help ensure management directives are carried out and that management's objectives are accomplished. In addition ongoing monitoring of the internal control system. Monitoring is the evaluation of the effectiveness of other internal control components and how well management and other employee's duties are being performed.

Views of responsible officials and planned corrective action:

We agree with the findings and recommendation. We have provided additional training in Prop Works software, and will ensure the controls available in the system are implemented. In addition, we plan to establish accounting policies and documented procedures to be used in daily operations. We also plan to establish an agreement compliance program to ensure each agreement that generates revenue is reviewed biannually, and is set up correctly in Prop Works. We've also established electronic files on the Airports Shared Drive that gives us the ability to immediately reconcile and review of all statements provided by our concession agreement. The electronic files will also help in monitoring for deficiencies and internal control testing. We have also established new procedures for accounts payable invoices; they are reconciled with the current contract (to ensure items invoiced are authorized) and tracked to ensure payment is made. In addition, we've established metrics for accounts receivable, accounts payable, and department budgets that are briefed to the Airports Director weekly.

FINDING 2015-4 REVENUE RECOGNITION IN THE WATER AND SEWER ENTERPRISE FUND (BCC)

Criteria

Generally accepted accounting principles relative to the enterprise funds require that revenue is recognized when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place.

Condition

Journal entries were proposed by the auditors and accepted by management to reverse \$1,478,000 of revenue related to the Eglin Wastewater Treatment project. The self-performed construction services generating the revenue had been performed as of September 30, 2014 and revenue was recognized at that time. In FY 2015, the cash was received and posted to revenue rather than reducing the accounts receivable balance causing revenue to be overstated until corrected via audit adjustment.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2015

FINDING 2015-4 REVENUE RECOGNITION IN THE WATER AND SEWER ENTERPRISE FUND (BCC) (CONTINUED)

Cause

The billing was generated to the United States Air Force in accordance with contract terms. However, a lack of understanding of the accounting concepts relating to the period in which the revenue should have been recognized in the Water and Sewer Enterprise financial statements resulted in the revenue being recognized in the incorrect fiscal year.

Effect

The financial statements of the Water and Sewer fund at September 30, 2015 were misstated until corrected via audit adjustment.

Recommendation

Personnel at the Water and Department do not necessarily have the time or degree of accounting or financial specialization necessary and certain positions were vacant during the year. We understand subsequent to year end a Finance Manager was hired with significant experience in the water and sewer industry.

Views of responsible officials and planned corrective action:

We agree with the findings of the audit and the required journal entry to correct. In an effort to prevent situations such as this from occurring again, OCWS has added a position of Utilities Financial Services Specialist in FY 2016. This person will assist the Financial Manager in the day to day operations of the OCWS finance division. In addition, we have re-hired a former OCWS Financial Manager in February 2016. This combination will allow the current Financial Manager to review in detail all the financial transactions within the fund for accuracy. His experience and understanding of generally accepted accounting principles should prevent this type of oversight from happening in the future.

FINDING 2015-5 VENDOR MASTER FILE MAINTENANCE (CLERK)

Criteria

Proper segregation of duties does not allow the accounts payable clerk, who records vendor invoices, to also be responsible for vendor master file maintenance (e.g. adding, deleting or modifying vendor accounts).

Condition

Accounts payable clerks at the Clerk Finance function also have responsibility for vendor master file maintenance. Clerk Finance management has instituted compensating controls by having the purchasing manager review systems reports outlining the Vendor Master File changes. However the format of reports used in the review process do not provide an efficient platform and as a result the review may not be robust enough to compensate for the lack of segregation of duties.

Cause

Due to the limited number of positions in the cash disbursements cycle, some critical duties are combined.

Effect

The current system of internal control is not properly designed, which could allow errors to occur and not be detected in a timely manner.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2015

FINDING 2015-5 VENDOR MASTER FILE MAINTENANCE (CLERK) – (CONTINUED)

Recommendation

We believe based on the volume of cash disbursement transactions that are processed, that the system of internal controls should be designed to provide for proper segregation of duties. We recommend that vendor master file maintenance responsibilities be moved to an employee who does not have the ability to record vendor invoices, approve vendor invoices, print checks, sign checks or execute or authorize wire transfers.

If Management determines the best alternative is to rely on compensating controls, then the reporting used in the process needs to be improved to ensure that review is robust enough to meet the objectives.

Views of responsible officials and planned corrective action:

Effective January 1, 2016, the policy manual was updated to reflect the revised policy for vendor file maintenance. The Budget Manager and Purchasing will be responsible for adding and editing vendor information. All changes shall be made by the Budget Manager and change will be reviewed for accuracy by the Accounts Payable staff. These changes will provide adequate segregation of duties and establish a review mechanism.

FINANCIAL STATEMENTS
AND
AUDIT REPORTS

PRESENTED TO DEMONSTRATE COMPLIANCE
WITH FLORIDA STATUTES SECTION 218.39(8)
AND
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.557